



## NEWS: EUROPE

## Ailing Mitterrand prepares to step down

The French president is quietly bringing an end to his record run, writes David Buchan

Behind all the noise of candidates auditioning for his role, François Mitterrand is quietly backstage winding up his record 14 year run as president, so as to have his archives, books and himself out of the Elysée in time for the curtain to go up on the new act next month.

But the 78-year-old president, now visibly ailing from his prostate cancer, is not quite as out of the electoral fray as he would clearly now like. Some members of his Socialist party, anxious to use every means to propel their candidate, Mr Lionel Jospin, into the final runoff election on May 7, have been urging him to do more to intervene in the campaign on Mr Jospin's behalf before the first round next Saturday.

The president has made clear he feels that he has done what he physically can, using recent rare public appearances to endorse Mr Jospin and to snipe at his Gaullist opponents, and that he wants to devote his remaining energies to making his exit. And so does his rapidly-disbanding team. Mr Hubert Vedrine, the Elysée secretary general, is to retreat to the Conseil d'Etat, the state's legal advisory body, as is his spokesman, Mr Jean Mustelli, while the deputy secretary general, Mrs Anne Lauvergeon, is

eyeing the private sector.

The Mitterrand archives are being packed up to go into a special section of the National Archives. Several tens of thousands of books that the president has been given over the years are destined for a library at Nevers in the region where Mr Mitterrand was long a deputy. Other official gifts, chiefly pictures and drawings, are to be shifted to Jarnac, the Mitterrand birthplace. When he returns full-time to his left Bank residence on the rue de Bièvre, where he has always slept, Mr Mitterrand will not be taking from the Elysée much more than he arrived with in 1981.

The president faces one final marathon - the 50th anniversary of the end of the war in Europe - which as a history buff he has no intention of missing. Indeed, it may have strengthened his determination to carry on to the end. On May 7, after voting in his old constituency of Chateau-Chinon, he will fly to London, return to Paris to host old allies and enemies at a lunch on May 8, then depart for Berlin, and fly to Moscow the following day. For, he will still legally be president, and cannot hand over until the May 7 election has been formally declared valid, probably



François Mitterrand at a UN summit in Copenhagen last month.

around May 10-12. The hand-over will be shortly thereafter. Mr Mitterrand has made clear he does not want to linger on until midnight on May 20, the legal time-limit on his mandate.

But lingering question marks about Mr Mitterrand's own personal history are another reason why he is not yet completely above the fray, even of this election campaign. The

chief of these concerns his role in the war-time Vichy administration, and in particular his semi-friendship until the early 1980s with René Bousquet, the Vichy chief of police.

Mr Mitterrand did not himself reveal his relationship with Bousquet, who was accused in 1989 of war crimes, but shot dead in a Paris street two years ago before he could stand trial. The Bousquet con-

nection emerged last year in a Mitterrand biography whose author, however, was generally helped in his work by the president.

As part of his clear strategy to explain his past before the historians get their hands on it, Mr Mitterrand stresses that once he learnt about Bousquet's role in deporting Jewish children, he "dropped" him and, after an encounter in 1966, never saw him again. In a television interview last Friday, mainly about his "grands travaux" at the Louvre and elsewhere, Mr Mitterrand said he would be deeply wounded if people thought he had had contact with Bousquet in full knowledge of the Vichy police chief's real wartime record.

But Mr Elie Wiesel, the American Jewish friend who published a book last week of conversations with the president, believes Mr Mitterrand should have known better - or at least sooner - about Bousquet. Mr Serge Klarsfeld, president of the association of the sons and daughters of deported French Jews, claimed to Le Monde this weekend that, once the truth about Bousquet began to emerge in 1978-79, any relations with him were "morally condemnable".

None of this is going to improve Mr Jospin's election chances. On the other hand, it may not hurt him much; the Jewish vote is not as organised in France as it is in the US, and Mr Jospin has always kept a certain distance from Mr Mitterrand's personal record. It may prove no more a handicap to the Socialist candidate than the minor brouhaha over Mrs Danielle Mitterrand's insistence on inviting President Fidel Castro to the Elysée earlier this year.

Certainly, Paris-Match's recent revelation - of a quite different nature - that the president has an illegitimate daughter, a pretty student called Mazarine, did him no harm with the French public. Paris-Match was only revealing what had apparently been widely known in Paris already.

In fact, the only disapproval, by much of the press, was directed at the magazine for publishing photographs that were considered an invasion of privacy, disregarding the possible public issue of Mazarine and her mother being long housed in state property. Since then even Mrs Danielle Mitterrand has spoken up for Mazarine. Again, in a curious way, one almost detects a sense of relief on the president's part at certain facts coming to light while he is still around to put his gloss on them.

## France reviews Bosnia mission

By John Ridding in Paris

Mr Edouard Balladur, French prime minister, is to meet senior members of his government today to review France's Bosnia peacekeeping mission after the deaths of two French soldiers at the weekend.

The meeting, which will include Mr François Leotard, defence minister, and Mr Alain Juppé, foreign minister, follows warnings by the French government that it could withdraw its peacekeeping forces. However, officials indicated yesterday that the priority was to find measures to improve security of UN forces and the extension of a crumbling ceasefire which is due to expire at the end of the month.

The deaths of the French troops in Sarajevo comes at a sensitive time for Mr Balladur, one week before the first round of voting in France's presidential elections. French policy towards former Yugoslavia, and the presence of 4,500 of its troops there, has not been an election issue. But the latest deaths will add to concerns about the peacekeeping mission and may put the operation on the political agenda.

Mr Lionel Jospin, the Socialist candidate in the presidential contest, demanded "greater clarity" from the government regarding its Bosnian policy. He called for tougher measures against the Bosnian Serbs as a means of encouraging a diplomatic solution to the conflict in the former Yugoslavia.

Mr Leotard said no decision had been made concerning French policy and that Paris would consult its European partners on the future of the United Nations' peacekeeping mission. However, Mr Balladur indicated that certain conditions need to be satisfied for the mission to be maintained. These conditions, contained

in a statement issued by the prime minister's office, include extension of the ceasefire in Bosnia, a demand for progress towards a peace accord and freedom for UN forces to carry out their mission.

Diplomats played down the prospect of a French withdrawal, but said Paris had expressed increasing impatience about the failure to make progress towards a peace agreement.

Mr Leotard, who described France's "indignation and rage" at the deaths of the French troops, said the peacekeepers' mission remained vital. "They are protecting tens of thousands of civilians", he said, adding that a troop withdrawal would only be justified if the UN forces were found to be completely impotent. "This is not the case today".

Thirty-three French troops have now been killed in former Yugoslavia since spring 1992.

## Russia to probe arms trading

By Chrystie Freeland and Dmitri Volkov in Moscow

Russian state prosecutors yesterday filed criminal charges against the main government arms trading organisation, launching Russia's most serious formal investigation of corruption since the collapse of the former Soviet Union.

The prosecutors have accused Rosvorozenie, a government arms trading agency founded in 1994 and affiliated to the Ministry of Defence, of failing to pay \$844bn in taxes and conducting \$90m (\$560m) in hard currency trade without proper licenses from the central bank. In a story published today, the Russian daily Sevodnya quoted Mr Alexander Zviagintsev, an aide to Russia's chief prosecutor, confirming charges were filed yesterday.

The criminal charges, based on an investigation conducted by the presidential administration and the Ministry of Finance, are the most direct step the government has taken to fulfil Russian President

Boris Yeltsin's pledge last month that the Kremlin would launch a "anti-corruption campaign against state corruption".

The criminal proceedings also threaten to undermine the Ministry of Defence, already weakened by the ineffectual performance of its forces in Chechnya, and are a further indication of the growing powers of the close-knit group of officials who form Mr Yeltsin's private administration.

Documents related to the investigation accuse Rosvorozenie of involvement in a number of questionable transactions. They allege that Rosvorozenie, and the agencies on whose basis it was established, have been regularly paying foreign middlemen a 20 per cent commission on all trades, coming to a total last year of \$30m to \$50m.

The investigators' documents also accuse Rosvorozenie and the Ministry of Defence of involvement in a number of transactions in co-operation with private Russian arms traders, some of them operating without government licenses.

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SARAKREEK HOLDING N.V.  
Amsterdam

Notice is hereby given that an Extraordinary General Meeting of Shareholders of Sarakreek Holding N.V. will be held on Friday, 28th April 1995 at 11 am at the RAI Congresscentrum, Room EP, Europalaan 6, 1078 CZ Amsterdam.

The agenda includes:

- Proposal to postpone the establishment of the 1994 Annual Report and Accounts
- Proposal to approve an Investment agreement with a private US investment fund
- Proposal to amend the Article of Association
- Proposal to reduce the par value of the shares from Dfl. 25 to Dfl. 0.05 in order to enable the issuance of new shares
- Proposals to designate the Supervisory Board to be the competent body to issue shares and to acquire shares
- Miscellaneous

The complete agenda for this meeting together with information concerning the investment transaction, the amendment of the Articles of Association and the reduction in par value and the complete text of the proposed Article of Association are available and can be obtained at:

the Company's head office, Amstelplein 194, 1079 LX Amsterdam (PO Box 726, 1007 JC Amsterdam)

and also at the ABN AMRO Bank N.V., Eendracht 597, Amsterdam.

To be able to attend the meeting, shareholders must deposit their shares at the offices of the above-mentioned bank no later than 26th April 1995. The deposit receipt will render entrance to the meeting.

The Supervisory Board

Amsterdam, 18th April 1995

## Moscow prepares to mark wartime victory

By Chrystia Freeland in Moscow

Three weeks before the grandiose celebrations planned for the 50th anniversary of the end of the second world war, Moscow is abuzz with preparations for the return of high-powered western guests, including Mr Bill Clinton, the US president, who have promised to attend.

Urban thoroughfares are regularly blocked for rehearsals of the May 9 Victory Day parade and a brand new complex of military monuments is being frantically constructed a few miles from the Kremlin to spare Mr Clinton the embarrassment of presiding over a display of Russian arms.

But, even as fresh coats of paint are being brushed over any building likely to encounter Mr Clinton's eye, the Russian military has launched a major frontal set of preparations. Eager to subvert resistance in the Chechen republic before May 9, Russian officials said yesterday, Russian forces were preparing a renewed assault on Barmat, the remaining Chechen stronghold in the region's arable and industrialised northern and central areas.

Moreover, over the weekend Gen Pavel Grachev, the Russian minister of defence, served notice that, until "conditions are stable in Russia," Moscow would ignore some provisions limiting the numbers of troops and armaments in Europe set out in the Conventional Arms in Europe treaty. "The amount of arms and military equipment which the treaty allows, Russia to have in this region [the Caucasus] is insufficient," Mr Grachev said.

While the immediate catalyst for Mr Grachev's comments was the limit the CFE treaty would put on Moscow's ability to send in additional troops and tanks to quell Chechen resistance, he also voiced broader dissatisfaction with the arms pact.

"We are trying to convince our partners that the leaders of the former Soviet Union made a mistake when they signed this pact," Mr Grachev said, expressing the widely held Russian view that the CFE treaty, signed before the collapse of the Soviet Union, places undue restrictions upon the newly separate and shrunken Russian Federation. "Now that the Soviet Union has broken up, Russia, as its successor, cannot observe all of the flank limitations."

Mr Grachev's attack on the CFE treaty and Russia's apparent willingness to pursue its war in Chechnya in the face of unrelenting western criticism are both signs of a new, tougher foreign and military stance which is crystallising in Moscow. Other issues on which Russia is taking a harder line include its determination to carry out a sale of nuclear reactors to Iran, despite US protests, its unwavering opposition to an eastward expansion of the Nato alliance and recent warnings that the Start 2 treaty, which limits nuclear weapons, is unlikely to be ratified by the Russian parliament.

Mr Grachev's warning threatens to undermine the painstaking efforts of western, and in particular US, politicians to separate the Chechen conflict from the broader foreign and military policies of the Yeltsin administration.

But because the west fears that successor is likely to be even more hostile, it continues to believe that continued friendliness is the only option.

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## Canada celebrates EU fishing deal ■ Galician trade unionists call it a 'shot in the head'

### Tobin savours glory of victory at sea

By Bernard Simon in Toronto

Mr Brian Tobin, Canada's fisheries minister, capped six weeks of political glory yesterday in St John's, Newfoundland, by welcoming home a small flotilla of Canadian patrol vessels from the contested fishing grounds in the north-west Atlantic.

Mr Tobin, dismissed just a few years ago as a long-mouthed hackbencher, has emerged as the most visible winner in the six-week-old fishing dispute between Canada, Spain and other members of the European Union.

His skilled public relations deflected criticism from Canada's less-than-perfect fishing practices to focus attention on the threat faced by the world's fishing grounds. The 40-year-old former radio announcer's forceful approach towards Spanish trawlers on the Grand Banks triumphed over more cautious voices within the department of foreign affairs in Ottawa.

In the deal secured over the weekend, Ottawa gave up a big chunk of its previous quota, but gained enforcement measures which go beyond any previous monitoring of fishing activities in international waters. Mr Jean Chrétien, Canada's prime minister, described the agreement as "a major breakthrough on conservation and enforcement - our primary objective."

Independent observers will be placed on board all vessels to enforce conservation rules. Satellite surveillance of fishing activities will be stepped up, and Canada will be allowed to conduct tougher inspections of foreign trawlers at sea and in port.

Amid the celebrations however, some voices of caution were being raised.

#### NORTH-WEST ATLANTIC DEAL

- 1995 limit for Greenland halibut (turbot) catch 27,000 tonnes
- The EU (Spain and Portugal) allowed to fish another 5,013 tonnes this year; about 6,000 already caught
- Canada to fish up to 7,000 tonnes in own waters and 3,000 outside
- Other countries (Poland, Russia) may sell quotas to EU
- Canada and EU each entitled to 41 per cent of 1996 quota
- Stricter mesh-size regulations for nets
- Independent observers on all trawlers in the area
- Satellite surveillance
- Canada to revoke rule allowing seizures of ships in international waters

Last weekend's deal still requires the approval of other Northwest Atlantic Fisheries Organisation members, such as Japan, Russia and the Baltic states. The EU and Canada will need to co-operate to persuade these countries that the agreement is in everyone's best interests.

But a good deal of suspicion remains between Canada and the EU, especially Spain. The Spanish fishing industry's anger at its share of the quota could pave the way for difficult negotiations later this year when the 1996 catch is set.

For their part, the Canadians remain nervous about Spain's willingness to abide and enforce the quotas and other conservation measures, such as minimum fish and net sizes. Politicians and officials on both sides of the Atlantic will be thinking hard over the next few months about how to avoid a repetition of the fisheries crisis.

There are several other irritants in EU-Canada relations, some of which have festered for years. The EU is unhappy about Ottawa's anti-dumping rules on steel and sugar. Canada has lobbied against curbs imposed by Brussels on

its fur and lumber exports.

Some EU members, smarting from Mr Tobin's clear victory in the public opinion stakes, feel that the climate could be improved if wider publicity is given to recent achievements in the transatlantic relationship, such as the harmonisation of competition policy and product standards. One diplomat predicts "a more proactive information effort".

Even Mr Tobin's success is not without potential pitfalls. Having drawn attention to overfishing on the high seas, he faces tough decisions on the preservation and revival of depleted fish stocks within Canadian waters.

For instance, concerns have mounted in recent months about dwindling salmon stocks on the other side of the continent. The fate of British Columbia's famous salmon fishery could ignite a hotter political fire under Mr Tobin than the less glamorous turbot in the distant north Atlantic.

## Madrid dismayed by 'smears'

Indignation at the EU deal is widespread, writes David White

The Spanish government presented the EU's settlement with Canada over fishing rights as "the best agreement possible". But no one else in Spain, and least of all in the north-western fishing region of Galicia, had anything good to say about it.

"The fishing industry wants to carry on fishing and would rather quit because of Canadian gunfire than because of Brussels dropping its trousers," said Mr José Ramón Puente, manager of the Vigo trawler-owners' association.

Indignation over the deal, which leaves the Spanish freezer-trawler fleet about a quarter of its previous annual catch of Greenland halibut (called turbot in Canada), was shared by conservatives and Communists alike. Galician trade unionists called it "a shot in the head". Even the mayor of Vigo, who belongs to the governing Socialist party, called it "scandalous".

Pressure on Spain to accept a deal became irresistible after a week in which Spanish fishing vessels were impounded for alleged illegal practices by Ireland, the UK, France and South Africa, and Spanish fishing licences in the rich coastal waters of Morocco risked being suspended altogether.

Last ditch EU-Moroccan talks are scheduled next week, with only a few days to go before the current agreement runs out. Morocco is seeking catch reductions of 30-65 per cent, according to species, and more Moroccan crew on foreign boats. Spain, with about 650 boats relying on the Moroccan fishery, needs all the support it can get.

Madrid is dismayed by what it sees as a smear campaign against its fishermen - "a game of slurs and manipulation" according to Mr Luis Atienza, the agriculture and fisheries minister. But the lack of sympathy from Britain and Ireland is only one of a series of contretemps.

Spain realised from the start of EU-Canadian negotiations that it could never come back with a deal that would satisfy

for having agreed last November to an overall limit, inside and outside Canadian territorial waters, of 27,000 tonnes. The Northwest Atlantic Fisheries Organisation's scientific committee had suggested 40,000 tonnes, or about two thirds of the amount then being fished.

A less painful compromise might have been found within the higher limit. But arguing for a larger overall catch was

This has meant persuading Canada to stop threatening Spanish and Portuguese vessels outside its 200-mile limit and to refund the bail bond paid by the owners of the trawler Estal after its capture last month, and to compensate them for having confiscated part of the vessel's catch. It is still pressing ahead with a case against Canada in the International Court of Justice in The Hague. It is also maintaining a visa requirement for Canadian citizens visiting Spain.

For Mr Atienza, these principles are "more important than 1,000 tonnes more or less". Galicia's deep-sea fishermen see it differently, however.

They accuse the EU of bending in response to the use of force - an encouragement for other coastal countries, they say, to act likewise. The Spanish will be seeking new fishing grounds to compensate for the partial loss of the Greenland halibut business. But difficulties already loom with countries such as Argentina.

The conflict has been a test for Spanish influence in the EU. Madrid prepared the ground in Brussels to ensure it had EU backing before challenging Canada. But the breakdown of EU unanimity and the disappointing outcome have left a bitter taste.

Yesterday's headlines were "Spain capitulates" and "Sun!". A Gallup poll published at the weekend by the conservative ABC showed a telling development in Spaniards' feelings about the EU. More than 40 per cent thought membership unfavourable to Spain, against 34.5 per cent who thought it favourable.

## W Europe car sales slipping

By John Griffiths

Western Europe's new car market recovery is faltering. Sales fell in March by 2.3 per cent year on year, leaving total first quarter sales only 1.5 per cent higher than a year ago.

Last month's statistics underline the caution repeatedly expressed by Europe's car makers' about prospects for growth this year. Total sales in 1994 rose by nearly 6 per cent but year-on-year growth weakened to 3.7 per cent and 3 per cent respectively in January and February.

Sales fell last month in 11 of the region's 17 markets, according to provisional figures from Aeca, the European Automobile Manufacturers' Association.

Even French sales, which had been recovering strongly, fell 1.3 per cent in March. Germany, by far the largest market and where growth has proved most elusive among the major EU nations, saw another decline - of 3.4 per cent - last month.

Demand in the UK fell 1.8 per cent year on year and in Italy, by 1.6 per cent. The market hardest-hit was Belgium,

where sales fell 22.5 per cent last month.

Such declines were only partly offset by strong growth in the smaller countries of Scandinavia. Norway's market jumped 27.9 per cent year on year last month and Finland's by 16.7 per cent.

Among individual car makers, Italy's Fiat group put in the most buoyant performance in March, increasing total sales - including those of Lancia and Alfa Romeo - by 12.4 per cent.

The Volkswagen group, Peugeot/Citroën, Ford and Renault all lost ground, with sales falls of 5 per cent or more last month.

Japanese manufacturers also continued to lose ground, their collective sales for the month falling by 3.1 per cent year on year. However the overall Japanese figure disguises wide variations in individual manufacturers' performances.

Nissan and Mazda saw falls of 12.4 and 11.4 per cent respectively, but Honda, whose new Civic model has joined the larger Accord in production at its UK manufacturing plant at Swindon, saw its sales leap by 16.6 per cent.

#### WEST EUROPEAN NEW CAR REGISTRATIONS

January-March 1995

	Volume (Units)	Volume Change (%)	Share (%) Jan-Mar 95	Share (%) Jan-Mar 94
<b>TOTAL MARKET</b>	<b>3,277,200</b>	<b>+1.5</b>	<b>100.0</b>	<b>100.0</b>
<b>MANUFACTURERS:</b>				
Volkswagen group	594,565	-0.9	18.0	18.4
- Audi	94,229	-2.1	10.6	11.0
- Seat	95,255	+15.6	2.9	2.6
- Skoda	70,528	-10.4	2.2	2.4
- General Motors	12,578	-12.2	0.4	0.4
- Opel/Vauxhall	408,736	+1.9	12.5	12.4
- Saab	15,336	+11.2	0.5	0.4
Peugeot/Citroën	402,918	-0.8	12.3	12.8
- Peugeot	235,305	-1.5	7.2	7.4
- Citroën	168,523	+0.3	5.1	5.1
Fiat group	389,500	+12.2	12.1	12.0
- Fiat	310,800	+12.1	9.5	8.6
- Lancia	48,700	+4.1	1.5	1.4
- Alfa Romeo	33,404	+14.4	1.0	0.9
Ford group	363,535	-1.5	12.0	12.0
- Ford	359,511	-1.0	11.5	11.9
- Jaguar	4,024	+31.5	0.1	0.1
Renault	346,047	-5.4	10.6	10.2
BMW group	201,801	-1.3	6.2	6.3
- BMW	107,752	-0.5	3.3	3.1
- Rover	103,105	-2.0	3.2	3.2
Mercedes-Benz	177,895	-10.0	5.4	5.7
Nissan	82,896	-17.1	2.6	3.5
Toyota	83,881	-2.3	2.6	2.7
Volvo	82,055	+16.4	1.9	1.7
Mazda	49,880	-3.2	1.5	1.6
Honda	49,834	+18.7	1.5	1.3
Mitsubishi	32,343	-2.8	1.0	1.0
Total Japanese	351,435	-3.9	10.7	11.2

**MARKETS:**  
Germany 853,200 -1.4 26.0 26.7  
Italy 595,500 -3.8 18.4 18.0  
France 525,400 -0.5 16.0 16.4  
United Kingdom 483,500 -4.9 15.1 14.1  
Spain 208,500 +3.7 6.4 6.2

\*All holds 92.5 per cent of stock.  
\*Data holds 50 per cent and management control of Renault Automobiles.  
\*As the group includes Lancia, Alfa Romeo, Innocent, Fiat and Renault.  
\*Source: Aeca (European Automobile Manufacturers Association) estimates. Figures are rounded.

## STATE PROPERTY AGENCY

### The Gerbeaud Palace - a pearl of the Hungarian privatisation

The Gerbeaud Confectionery means as much for the people of Budapest as the Demel or Sacher for the Viennese, the Café de la Paix for the Parisians, or the Claridge and the Fortnum & Mason for the Londoners.

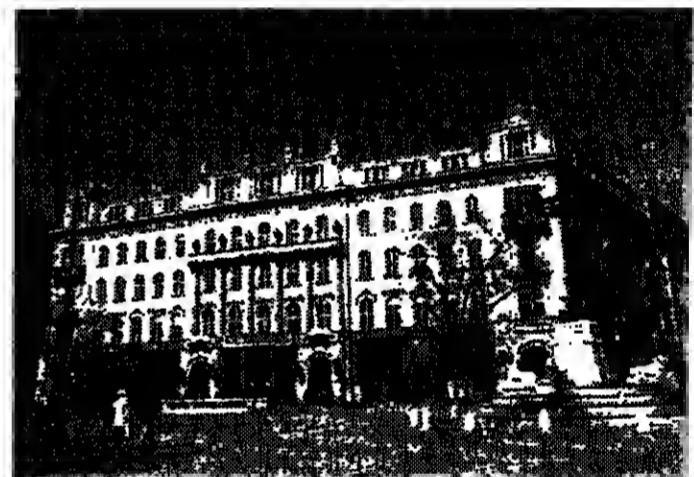
The Hungarian State Property Agency (SPA) offers the Gerbeaud Palace in downtown Budapest for sale together with the right to operate and use the name of the Confectionery.

The classicist structure is the predominant building of Vörösmarty Square at the end of the downtown shopping precinct. The facade of the building as well as the furnishing of the Confectionery on the ground floor is dominated by secessionist features. Inside the building one finds original varnished doors, different types of pillars, fireplaces, stuccoes and statues in eclectic style.

The construction of the building started as far back as the 18th century, its final, classicist-secessionist form had taken shape by the beginning of this century. Earlier it was housing the Salt Office, later a bank. The Confectionery of the Kugler family and the studio of a famous photographer occupied the ground floor from the third quarter of the last century.

The Gerbeaud family became the owners of the building at the beginning of this century. They converted it into an apartment house and from then on the Confectionery was known as the Gerbeaud Confectionery. Though the right to use this name was cancelled in 1950 and was again granted only in 1984 the people in Budapest always used to refer to it as the Gerbeaud in everyday life.

Although a part of the building is empty since two years, but the famous Gerbeaud Confectionery as a sight of the town was and still is visited not only by kings, Heads of State and Prime Ministers but it is an exclusive meeting place of the local population and of the foreigners visiting the Hungarian capital. The Confectionery is always full up to its capacity, the visitor is dazzled already by the entrance and this feeling is enhanced when they consume the extremely tasty pastries in the surroundings of magnificent original furnishing. The furnishing - the chairs, the tables, the mirrors, the fireplaces - belong to the functional branch of secession and they are originals from the beginning of this century.



Therefore the buyer must undertake the obligation to continue to operate the Confectionery in its original form and with its original furnishing. The Confectionery is under the protection of the Applied Arts Historic Buildings, its basic area is 2,400 square meters, the basic area of the presently empty part of the building for use of offices is 6,800 square meters. According to the tender the utilisation of the later is only regulated by the fact that downtown Budapest belongs to the world heritage and the utilisation, whatever it may be should not be inconsistent with this fact.

The SPA offers for sale the 100% ownership of the Dorottya Ltd. with HUF 1.5 billion registered capital. This company owns the building of Gerbeaud unencumbered and unenforceable. The SPA sells within the same portfolio the right of operating the Gerbeaud Confectionery and the use of the Gerbeaud name.

The tender has been published in the April 7, 1995 issue of the Financial Times.

Deadline of submission of the tenders: 7 June, 1995, between 12-14 p.m. at the headquarters of the SPA, address: 1133 Budapest, Pozsonyi út 56.

The tender material may be purchased by all who are interested at the Client's Office of the SPA (address: 1133 Budapest, Pozsonyi út 56. Phone: (36-1) 269-8990, Facsimile: (36-1) 269-8991).

Further information may be obtained from: Mr. Mihály Kádár (Phone: (36-1) 269-8600 ext. 1117), senior counsellor of the Industrial III. Privatisation Management of the SPA.

## HUNGARY: PRIVATISATION GOES ON





## Apec concern at currency instability

"One item we have recommended to the finance ministers' meeting is the need to streamline rules on financial disclosures, which vary from country to country," one Asian bank representative said.

Ms Nieves Confessor, labour minister, has also tendered her resignation. President Ramos is still considering the offer.



Singapore also convicted her of killing a three-year-old Singaporean boy.

"Over the course of several years or more, if these problems were not resolved, it is possible that the Khmer Rouge would begin to be seen again as an attractive alternative. Cambodians prefer not to discuss such ideas.

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## AGENDA

## Chairman \_\_\_\_\_

**GIUSEPPE STEFANELLO**  
Chairman

NEWS: UK

## Abbey plans relaunch of bank account

By Alison Smith

Abbey National, the home loans and banking group, is to relaunch its current account as part of a drive to boost its income outside its traditional base.

The move, due next month, will see the replacement of the two personal accounts that Abbey offers - the current account and the high interest cheque account - with a single current account.

A credit card will be introduced later in the year, as will a 24-hour telephone banking operation to complement the branch service.

At present Abbey has 1.5m current accounts, but only about one-third of these are the primary accounts into which salaries are paid.

While the move will be an important element in Abbey's ability to achieve its target of getting 40 per cent of its earnings from non-traditional sources by 1997, the bank is also developing other operations.

It expects soon to have permission from the Bank of England to distribute its own cash instead of buying it from third parties, and is building a "cash centre" in Essex to deal with this operation. This is expected to become operational in the first half of next year.

Abbey, the fourth largest UK high street bank, also aims to develop its financial services business, partly through building on the acquisition in February of Pegasus, a healthcare

company, by Scottish Mutual, the bank's subsidiary which sells financial services through independent advisers.

The intention is that the Pegasus expertise should be used not only in devising policies to be sold through independent advisers, but also in developing healthcare products which can be sold from next year through Abbey National branches.

Mr Peter Birch, Abbey chief executive, said that the purchase of Pegasus came as the bank identified products such as critical illness policies as a fast-growing market. "Pegasus will gain us two years in developing Abbey National healthcare," he said.

The plans by Halifax, the UK's largest mortgage lender, to merge with Leeds Permanent this spring and subsequently to convert to a bank have focused attention on the use Abbey has made of its time since 1980 when it became the first society to float.

Virtually all of its profits came from traditional activities, but by last year, the organisation's treasury and life insurance operations contributed almost one-quarter of the £832m pre-tax profits.

Even so, Abbey has had a poor record of selling a range of products to each of its 10m customers. It is developing a better system of assessing its relationship with customers, which should enable it to target specific products at the parts of its customer base most likely to be receptive.

## Verdict closer on mis-sold pensions

By Alison Smith

The views of City regulators on disciplining life insurance companies and independent financial advisers which gave poor personal pensions advice should soon be known.

A joint statement on discipline, which could be published this month, is expected to highlight the priority that regulators attach to ensuring that investors who have suffered from poor advice are properly compensated.

It is likely to say that the co-operation of a life company, bank or independent adviser in providing compensation will be an important factor in deciding whether any disciplinary action should be taken.

But although the statement has been agreed by two regulators which had previously differed on their approach to discipline, its wording is broad enough to allow different approaches to be taken.

The scope for flexibility lies in the statement's general reference to assessing whether a company's arrangements for complying with regulation were adequate.

Imro, the self-regulating organisation for the fund management industry, has been seen as taking a tougher stance on the issue than the Personal Investment Authority, the main watchdog to protect the private investor.

Only about 20 of the companies regulated by Imro were heavily involved in personal pensions business, and the regulator is keen to maintain a consistent disciplinary policy across all the areas it covers.

By contrast, a large majority of PIA member companies sold personal pensions. A pilot study suggested that there was a widespread failure to meet regulators' requirements in selling personal pensions to people transferring or opting out of an occupational scheme. But the PIA is thought to want to focus on the most serious cases.

The PIA will monitor the way in which all retail financial services companies - including those formerly regulated by Imro - are approaching the task of providing redress. It will share information which might be relevant to disciplinary proceedings.

Even though the joint statement should calm some of the criticism of the existing two-tier regulatory system in which responsibilities are divided, it is unlikely to silence it altogether.

Imro is much further ahead than the PIA in investigating the personal pensions business of some of its members, and some of these companies it used to regulate believe that this timing is itself unfair.

The PIA is also likely to publish the first part of detailed guidance about the pensions review process, which will deal with identifying potential victims.

## Aluminium price rises force beverage producers to reconsider their packaging

### Soft drinks industry warms to steel cans

By Andrew Barber

A big rise in the price of canstock, the aluminium used to make beverage cans, is prompting soft drinks producers to consider switching back to tinplate, the steel used in canmaking.

Producers of tinplate, dominated in the UK by British Steel Tinplate, hope the divergence in price between their product and canstock might persuade the drinks industry to revert to steel or increase their use of it.

Tinplate - 99.75 per cent steel - dominates the market for food cans. But only about 20 per cent of the 8.2m soft drink and beer cans used in the UK last year were made of steel, and most of those had aluminium ends.

Cans prices have risen about 20 per cent this year, compared with between 5 per cent and 8 per cent for tinplate. Some tinplate producers kept price rises relatively low to avoid conceding further market share.

The battle between producers of the two metals is one of the most contentious in the packaging industry. Issues such as recycling, appearance, weight and durability are the ingredients of a propaganda war, but cost remains the overriding factor in soft drink producers' decisions on what materials to use.

Steel and aluminium producers are waiting for a decision by Coca-Cola & Schweppes Beverages, the UK's largest soft drinks bottling and canning company, on a possible switch back to steel. Two years ago, it moved to 100 per cent use of aluminium.

Coca-Cola said last week that the company's decision then had been taken for purely commercial reasons, and it reserved the right to revert to steel. The situation was under review but no decision had yet been taken.

Mr John May, British Steel Tinplate's marketing manager, said the "huge" price rises in aluminium were the "primary stimulant" for soft drink producers to consider reverting to steel.

However he said steel's other advantages were also becoming a factor, adding that innovations such as British Steel's "Ultimate Can" programme - which had reduced the weight of the average 33cl can body by 30 per cent over the past three years - were beginning to bear fruit.

Mr Nick Mason, of the CRU metals consultancy, warned that switching materials was a "risky decision" for can users. He said: "To make the switch worthwhile, they would need to be confident that the divergence in price will persist for a couple of years."

Predicting canstock prices could also be difficult because of price volatility in aluminium, and the seasonality of the soft drinks market added logistical complications. Mr Mason believes a significant switch to steel is unlikely before the end of the year.

Technically, a decision to switch would be much easier for canfillers than the canmakers which supply them. But both canmaking and handling machinery would have to be out of use for adjustments, which would have implications for canmakers and their customers.

The important decisions, however, are taken not by the canmakers but by the drinks industry, which is where the steel and aluminium producers concentrate their marketing.



British Steel Tinplate says its development centre in south Wales has helped improve steel's image

## Hoechst in fight over tax levy

By Simon London

Hoechst, the German chemicals group, has challenged the right of the UK authorities to levy advance corporation tax on dividends paid by its British subsidiary.

If its claim is successful, other European Union companies - especially German ones - could demand repayment of ACT running into hundreds of millions of pounds.

Hoechst claims that UK legislation which governs payment of ACT breaches both EU law and bilateral tax agreements with Germany.

The 1988 Income & Corporation Taxes Act exempts from ACT dividends paid between UK companies which are part of the same group. However, ACT is levied on dividends paid to overseas parent companies.

The German company argues that this breaches EU laws designed to prevent discrimination on the grounds of nationality. It also says the legisla-

tion falls foul of the double-tax treaty between the UK and Germany.

Hoechst said yesterday: "Our basic argument is that had we been a UK company, payments of ACT would not have been made."

Tax experts said the case could be the most serious challenge by an overseas company to the system of advance corporation tax since Union Texas, the US oil company, lost a High Court claim for repayment of £23m ACT in 1986.

The Union Texas case, which turned on interpretation of the UK-US double-tax treaty, could have opened the way to claims from other US companies amounting to £1bn.

Tax treaties with most of the UK's big trading partners, now include provisions for partial repayment of ACT to overseas parent companies.

However, the agreement with Germany dates back to 1964, almost a decade before ACT was introduced.

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### CONTRACTS & TENDERS

#### REPUBLIC OF GHANA

Volta River Authority

Takoradi Thermal Power Project  
Invitation to Bid

Contract TK-8C : Aboadze-Prestea Transmission Project  
Contract TK-8D : Akosombo-Tafo Transmission Project

The Republic of Ghana has received a loan from the Arab Bank for Economic Development in Africa (BADEA) and has also applied for a loan from Netherlands Development Finance Company (FMO) towards the financing of the Takoradi Thermal Power Project, and it is intended that part of the proceeds of these Loans will be applied to the payments of the foreign cost of the contracts for which this invitation to bid is issued.

The Volta River Authority now invites sealed bids from eligible bidders for either or both of the following works:

(i) Contract TK-8C : Design, Manufacture, Supply Erection and commissioning of about 74 km of 161kV Transmission Line from Aboadze to Prestea

Modification of Prestea Substation for Work Associated with Aboadze - Prestea Line.

(ii) Contract TK-8D : Design, Manufacture, Supply Erection and commissioning of about 61 km of 161 kV Transmission Line from Akosombo to Tafo

Modification of Akosombo Substation for Work Associated with Akosombo - Tafo line.

Bidding documents will be available for sale to interested eligible bidders from the address below from April 20, 1995, upon payment of a non-refundable fee of US\$500 per set, or US\$500 per set if the documents are to be sent by courier. Acres International Ltd. will promptly dispatch the documents by registered air mail to prospective bidders but will have no liability or responsibility for late delivery or loss of the documents so mailed. The closing date for receipt of bids will be specified in the bidding documents. Bids received on or before the appointed closing date will be opened in the presence of bidders or their representatives at the Head Office or VRA in Accra, Ghana.

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Firm's admission may renew fears that cash could be diverted towards IRA 'armed struggle'

## US auditor admits limits on Sinn Féin

By Jimmy Burns in London

A leading accountancy firm which is auditing Sinn Féin's fund-raising efforts in the US has admitted that it will be unable to monitor the ultimate destination of the money if it is sent to another country. Sinn Féin is the political wing of the Irish Republican Army.

Mr Richard Eisler, a managing partner of the New York firm Richard Eisler & Co, said last week: "Our assignment covers the receipt of funds and their disbursement in the US. In practical terms we have no control over the money if it goes outside the US."

The admission may renew concern about the possibility of funds raised by Sinn Féin in the US being diverted to the IRA.

It has emerged that the New York accountancy firm signed an initial \$15,000 contract with Sinn Féin last month. Earlier

Mr Gerry Adams, president of Sinn Féin, claimed on Sunday that Britain was seeking a victory in Northern Ireland by subverting the peace process. He was speaking at a ceremony in Dublin, capital of the Republic of Ireland, to mark the 79th anniversary of the Easter Rising against British rule. Mr Adams stepped up his attack on "Britain's refusal to accept the rights of Sinn Féin voters". Sinn Féin is the political wing of the Irish Republican Army.

Mr Adams said that more than half a year after the IRA's ceasefire declaration "the British Government refuses to accord Sinn Féin the same rights, the same equality and respect which all other parties, including the loyalist [anti-nationalist] groups which have no electoral mandate, now enjoy".

He told about 1,000 supporters at the republic plot in Dublin's Glasnevin cemetery: "If the British refuse to listen to reason and reason-

Price Waterhouse denied reports that it had taken on the account in spite of holding talks with representatives of Sinn Féin.

During his recent visit to the US Mr John Major, the British

prime minister, sought reassurances from the US administration that Sinn Féin's fund-raising activities would be monitored carefully.

The appointment of one of the top six New York accountancy firms to monitor Friends of Sinn Féin - the latest organisation to be set up in the US on behalf of Ireland's republican movement - is thought to have been one of the conditions insisted on by the US

administration before it relaxed its restrictions on fund raising.

The other conditions include preventing the money being used in support of terrorist activities and that fundraising groups should register with the US Department of Justice, which Sinn Féin agreed to.

Mr Eisler described his firm's contract as "an unusual situation" because of Sinn Féin's links with the IRA. However, he said he believed he was serving US foreign policy by agreeing to monitor the account.

Mr Eisler said: "Obviously if I knew that the money was going to be used in any illegal way I wouldn't want to be part of this exercise. Nothing has been brought to my attention which suggests that the money will be used in an illegal way."

Mr Richard Harvey, a lawyer representing Friends of Sinn Féin in New York, said funds

raised in the US would be used to open and run new offices and in organising an effective lobby. He said that if any funds left the US they would be audited by accountants working for Sinn Féin in Dublin.

Friends of Sinn Féin denies that it is a vehicle through which the IRA can raise funds.

Mr Harvey said Friends of Sinn Féin had raised more than \$70,000 as a result of the recent visit to the US of Mr Gerry Adams, the Sinn Féin president.

The supporters' group is planning a lecture tour of US universities by Mr Adams in the autumn to boost funds. Mr Harvey estimated that Mr Adams could expect to be paid at least \$10,000 a lecture.

The IRS has yet to consider a request by Friends of Sinn Féin that as a non-profit organisation its funds should not be taxed.

### UK NEWS DIGEST

## Police issue warning to calf trade protestors

Police warned that they will take a tough line with demonstrators protesting against live animal exports today when the first shipment of sheep and veal calves since Easter is due to be loaded at the port of Brightlingsea in eastern England. Police said they would enforce the 1968 Public Order Act, which carries the threat of prison sentences, because the cost of policing the demonstrations was leaving the rest of the county of Essex short of cover. The protest group Brightlingsea Against Live Exports - which is disbanding to prevent leaders being targeted by police - said the protests would continue.

Mr Geoffrey Markham, assistant chief constable of Essex, told Brightlingsea residents that non-availability of police resources elsewhere "can be placed directly at the door of demonstrations in Brightlingsea". He added: "Without obstruction of the highway, significant police resources would not be deployed in your town on a daily basis." *PA News*

### Growth predicted for N Wales

The north Wales and Cheshire area may be heading for a period of strong growth, say economists at Liverpool University led by Professor Patrick Minford. Local gross domestic product is forecast to grow by 3.2 per cent and 4.1 per cent annually in Cheshire and the neighbouring Welsh coastal counties of Clwyd and Gwynedd over the next three years. The latest work of the Liverpool Research Group in Macroeconomics predicts unemployment rates of 3.8 per cent in Cheshire and 4.4 per cent in Clwyd in 1998. The rate in Gwynedd is put at 6.2 per cent - down from 11.9 per cent now. *Jon Hamilton, Razy, Northern Correspondent*

### Candidate rise for Labour

The opposition Labour party will field a record 1,699 more candidates than the governing Conservatives in the May elections in municipal authorities, increasing the prospect of a crushing defeat for the Conservatives that would further inflame concern among backbench MPs about the leadership of Mr John Major. Labour officials said yesterday that 9,445 Labour candidates had registered by last week's deadline for nominations for the polls in England and Wales compared with 7,846 Conservatives and 7,249 for the centrist Liberal Democrat party.

The figures reflect a dramatic turnaround in Conservative morale since the last elections in 1991, when 8,641 Tories stood compared with 8,602 Labour candidates and 5,940 Liberal Democrats. One reason for the reduction in the Conservative total appears to be an increase in the number of independents, notably in eastern and western England. Labour officials said that many of them had formerly been elected as Conservatives.

● The government's problems look set to multiply today as nine Conservative Euro-rebels meet to decide whether to oppose the introduction of a limited range of identity cards, expected to be proposed in this week. Some of the rebels believe that ID cards represent a step towards abolition of internal European Union frontiers in spite of assurances from Mr Michael Howard, the home secretary, that the government will maintain border controls. At the moment British citizens are not required to carry identification in their own country. Passports are required only by people who travel out of the UK. *Kevin Brown, Political Correspondent*

### Food price war intensifies

Supermarket food prices will continue to fall because of pressure from discounters such as Kwik Save and Lidl, retail analysts Verdict forecast in a report published today. Discount food retailers increased their floorspace by 20 per cent last year, following similar growth the year before. From about 5 per cent of the food market in 1990, discounters are set to take a market share of 14 per cent by 1998. Verdict forecasts. Growing competition in the discount sector itself means there are likely to be casualties and further rationalisation. Verdict says: "The market cannot support the current number of players going forward." It sees Co-op stores, Ed. Food Giant, and Dales as particularly vulnerable, but predicts that Aldi, Netto and Lidl will establish strong national networks. *Diane Summers, Marketing Correspondent*

### Sunday closures ordered

Big stores across England and Wales were closed on Sunday for the first time on a Sunday after the liberalising of trading laws seven months ago. Easter Sunday trading by stores of more than 3,000 sq ft was banned under the Sunday Trading Bill, introduced last year. The bill allowed trading on Sundays after widespread flouting by big stores of a long-standing ban. Motor accessories chain Halfords opened its doors to customers but other big supermarkets, including giant B&Q and Tesco, and supermarket chain Asda were shut. It was Sunday business as usual, however, for shops in Scotland and Ireland.

### Burglar and pursuer stranded

A policeman and his tracker dog had to be rescued by a Royal Air Force helicopter when they became stranded after chasing a burglar into the middle of a marsh. The burglar, who had run off after being disturbed by a householder, also had to be winched from the marsh near Camborne in south-west England. Unarmed police dog handler Kevin Quick had tracked the man across marshland and found his hiding place on a reed raft in the middle of the swamp. The officer, up to his chest in mud and water, managed to handcuff the man, said a police spokesman. But he radioed for help when the man became "very unco-operative". *PA News*

## Catamaran passengers injured in sea rescue

By Simon Kuper in London

Seventeen people, mainly from Germany, were injured yesterday when 307 passengers had to be rescued from a high-speed catamaran which was holed off Jersey, the largest of the Channel Islands between England and France.

The passengers, half of them German, had to abandon the French catamaran Saint Malo about 15 minutes after she sailed from Jersey for the nearby island of Sark.

More than 100 of the 307 passengers had to take to life rafts in waves up to more than 1m high before being taken aboard other vessels.

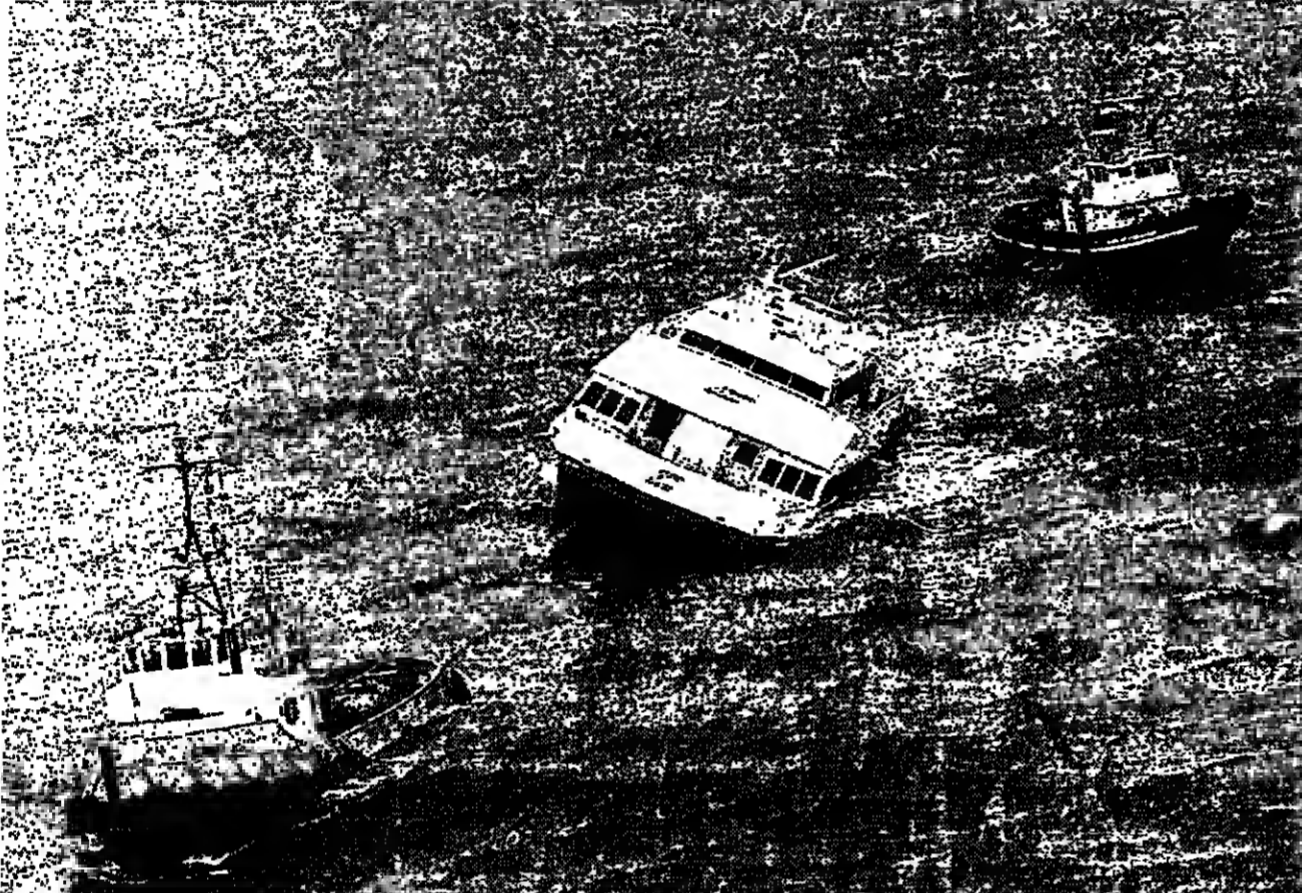
The rescue operation took about an hour with most of the passengers stepping from the Saint Malo to another ferry with drows up alongside. Six of the injured were treated for broken limbs in hospital in St Helier, the Jersey capital.

The ferry's captain sent out a mayday distress signal and ordered the ship to be abandoned after she began to take in water in the portside hull.

Jersey Harbour office spokesman Mr Paul Mimmack said the rescue was orderly and not as hazardous as it might sound.

"Most managed to transfer without getting wet... It's not such a difficult operation. The catamaran has a low freeboard so the sea is only about two to three feet lower than the passenger decks," he said.

The Saint Malo was later towed on to a beach, but it was not immediately clear what had caused the damage. Some reports said the ferry had hit a rock, others said it might have hit one of the floating logs reported at sea in recent days.



The high-speed catamaran Saint Malo is towed ashore after being holed near the island of Jersey between England and France

The Saint Malo is owned by the French company Channiland and sails regularly between the Channel Islands and the French port of St Malo.

Mr Michael Meacher, the British Labour party's shadow transport secretary, yesterday said he planned to raise in the House of Commons the question of whether operating procedures for large high-

speed catamarans, a ship type which has been in use for only a few years, should be tightened.

He said yesterday: "Catamarans are faster than ferries, and there have been accidents elsewhere in the world. If you're going at that speed - 30 knots - it's potentially dangerous." Stena Sealink is soon to

introduce large SeaCats catamarans on the Irish Sea.

Elsewhere, travel conditions were generally said to be quiet as travellers returned after the Easter weekend. Airports reported "normal" traffic, as many of those who left at the end of last week had gone on one or two week holidays in the sun or on the ski slopes. An official at Gatwick

Airport, London's second-largest airport, said: "It's a total myth that Easter Monday is a traffic nightmare. Next weekend is our busiest for arriving traffic."

Channel Tunnel trains were no slower than on normal working days, said European Passenger Services, the operator, adding that this meant trains were virtually full.

## Minister looks to parents for support against disruption of their children's lessons

## Teachers' unions will vote today on strike

By John Authers in Blackpool

Trade unions representing teachers will vote today on whether to hold a national strike over funding as Mrs Gillian Shephard, education secretary in the Conservative government, makes a final attempt to dissuade them from taking action.

The National Union of Teachers will vote on a national strike, while the smaller National Association of Schoolmasters/Union of Women Teachers will be advised to refuse to teach large classes above an unspecified number, leaving any extra children untaught.

Mrs Shephard, who has made a series of speeches attempting to mollify the

The three teachers' unions of England and Wales are each taking a different strategy as they plan industrial action this summer. The strategies reflect widely differing cultures and traditions, John Authers writes.

The National Union of Teachers is the largest and traditionally the most leftwing. The union is affiliated to the Labour party, which has made it a target for entryism by far-left organisations such as Militant and the Socialist Workers' party.

The National Association of Schoolmasters/unions, yesterday took a more aggressive stance and appealed to parents for support. She said: "Whether it's the national action the NUT are apparently contemplating, or whether it's the disruption of classes, the general public would certainly be alienated."

She added: "The general public see teaching as a well paid

Union of Women Teachers, the second-largest, is affiliated to the TUC, but not to Labour. It was formed as a breakaway from the NUT in opposition to its policy of equal pay for women.

The third union, the Association of Teachers and Lecturers, is traditionally very moderate, and has only ever struck once - for one day in 1978. It is not affiliated to the TUC. Its membership appears to have shifted to the left in recent years, in part thanks to recruitment from the other unions in response to the failure of their industrial action of the 1980s.

Mr Nigel de Gruchy, NAS/ULT general secretary, said the action would attempt to pinpoint the areas with the greatest funding shortages. He said: "We are not going on strike. We've got a chance of carrying parents on this kind of approach." He said the NUT conference had "degenerated into an awful irrelevance."

Mr Doug McAvoy, the NUT general secretary who opposes

strike action by his union, said the televised scenes were "a tremendous setback" for the NUT. He said parents must have watched the television coverage with disbelief.

The NASUWT executive decided to recommend that members should boycott "excessive" class sizes. They will not refuse to teach, but will exclude children on a rotating basis to keep class sizes at a manageable level.

Mr Nigel de Gruchy, NAS/ULT general secretary, said the action would attempt to pinpoint the areas with the greatest funding shortages. He said: "We are not going on strike. We've got a chance of carrying parents on this kind of approach." He said the NUT conference had "degenerated into an awful irrelevance."

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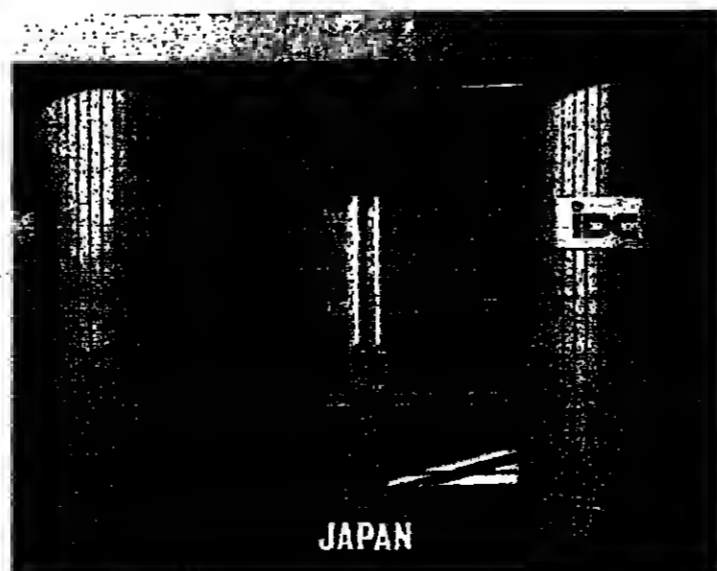
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## Farmers use cheap land in Poland

By James Harding

British farmers are setting up business in Poland to exploit cheap local production costs and the growing demand from western food processors in central Europe for agricultural produce.

The first British farmers in Poland are being driven by the constraints of high UK land prices, the promise of high returns on agricultural investments in central Europe and the prospect of capital gains on land after Poland joins the European Union, probably next century.

Since last summer, UK farmers have undertaken to cultivate more than 2,000 hectares of fertile land for potatoes, sugarbeet and wheat, joining a handful of growers from Denmark and the Netherlands already established in Poland.

The first British farm with a contract to produce for western food manufacturers in Poland was established just south of Gdansk last year by Mr Simon Laird and his brother Mark.

One of the brothers is based in Poland while the other stays at the other farm they run in Angus, Scotland. This month they agreed to buy the adjacent farm in Poland as part of a joint venture with a Polish investor, extending their holding to 1,000 hectares and marking the first British purchase of land for agricultural use.

Under Polish law, foreigners cannot buy farmland outright, but may invest as part of a joint venture - the first British-run farms are on land leased with an option to buy.

Mr Simon Laird said: "Farmers tend to be pretty unadventurous, but without real expansion opportunities in the UK, we believe we can compete with the best farming in Europe for a fraction of the cost."

Last month, a delegation of

British farmers visited Poland to examine opportunities to invest in local agriculture. Mr Tony Parr, a Suffolk potato producer, is to start farming 1,200 hectares of leased land in Poland's fertile coastal region in the north this summer.

The arithmetic of the Laird investment explains the appeal of farming in Poland. They estimate that the price of land in Poland is 15 per cent of its equivalent in Britain. Labour costs are lower and fertiliser and seed is marginally cheaper, making overall production costs about 60 per cent of what they would be in the UK.

The brothers estimate a rate of return of around 30 per cent on an investment of nearly £500,000. If the future gain on land value is added in, assuming Poland joins the EU, that return could be nearer 40 per cent.

Mr Laird said: "There are two elements to the investment - the pure farming business, which on the best land can produce even better yields than the UK, and, in parallel, the gain on land as Poland moves towards the EU."

Poland's market for agricultural produce is volatile, because there are few support prices, so the key to UK farmers' investment has been contracts for produce.

The Lairds have contracts with PepsiCo, which makes crisps in Poland, for 4,000 tonnes of potatoes, and with Sugarpol, a joint venture with British Sugar, for 6,000 tonnes of sugarbeet. These are both at prices understood to be marginally below the EU spot rate, but well above the local level.

Introducing western farm technologies is also expected to drive profits. Mr Ian Johnson, an agricultural consultant and investor in the Parr farm, predicts its output will be 150 per cent ahead of its neighbours.

## Rich mix to turn city planning on its head

Old-style policies are under fire in a fight to revitalise urban centres



Brindleyplace in Birmingham, which is one of the biggest urban renewal projects, will comprise a mix of shops, offices and houses.

The government's campaign to halt the decline of Britain's town and city centres threatens to turn 50 years of planning policy on its head.

Mr John Gummer, the environment secretary, recently said he wanted to "re-establish mixed use development" as a way of revitalising urban centres.

Since the second world war, planning authorities have generally tried to discourage mixed use development. Plans drawn up by local authorities have designated areas for particular uses. These zones provide a framework for economic development.

Mr William Walton, a lecturer in planning at Aberdeen University, said: "Segregation of different types of land use is at the heart of planning."

The drawback with zoning is that towns and cities have lost diversity. Modern town centres based on retail buildings often compare poorly with medieval market towns which owe their character to a mix of shops, craft and residential premises. In particular, zoning has left modern town centres vulnerable to out-of-town shopping developments because there is no urban population to support local traders.

Mr Gummer is already discouraging out-of-town shopping centres through planning guidance issued to local authorities. His emphasis on

mixed use development is a recognition that this is not enough to reverse urban decline.

Opinion is moving in favour of mixed use development. In 1987, the government relaxed its list of use classes, which are used by local authorities as the foundation for zoning. This was to allow offices, light industrial and research prem-

ises to be located together and encouraged the development of modern business parks.

Councils such as Glasgow have promoted diversity within the city centre by demanding a high proportion of residential development. Brindleyplace in Birmingham, one of the UK's biggest urban regeneration projects, includes offices, retail and housing.

Specialists such as Mr Mike Appleton, development director of English Partnerships, an urban regeneration agency, would welcome the chance to have more mixed use developments. "Adding high value office or retail units can pay for decontamination of a site or infrastructure improvements which benefit a whole area," he said.

As current planning guidelines do not actually prevent mixed use development where local councils are receptive to the idea, the biggest hurdles are probably financial.

Investment institutions would rather own an office block or a shopping centre than a mixed site, so raising private-sector finance for mixed use can be difficult.

Unlike countries such as France, it is unusual for a pension fund or life insurance company to own residential property. Fund managers often view rented accommodation as difficult to manage and subject to government intervention.

Argent, the property company which is developing Brindleyplace, overcame the problem by zoning the large 17-acre site. But few sites are big enough to allow this approach.

The Urban Villages Forum is trying to encourage mixed-use developments in their purest form - compact communities where people can live and work.

It has urged Mr Gummer to designate certain areas specifically for urban village development, arguing that such a move would depress land values and make it attractive for developers to build high quality mixed use schemes.

Planning specialists think it is unlikely that Mr Gummer will make such a radical move, though many would like to see zoning relaxed.

Mr Alan Cave, president of the planning division of the Royal Institution for Chartered Surveyors, said: "Many new high technology industries can co-exist much more easily with other land uses than older declining heavy industries."

Simon London



"Information management isn't just processing 3 million voice messages every day."

"Information management also helps Tom Welch confirm that the big deal went through."



"Information management isn't just processing over 10 million emergency phone calls a year."

"Information management also makes sure Carol Boyd's daughter gets the medical treatment she needs."



"Information management isn't just processing 10 billion cheques a year."

"Information management also confirms that Greg's and Sarah's salary cheques cleared today."



"Information management isn't just processing millions of reservations for 140 of the world's airlines."

"Information management also tracks every leg of Richard Jenkin's trip - even across several airlines."

## Gas regulator turns up heat on rules debate

She may have upset her fellow watchdogs by doing so, but the attempt by Ms Clare Spottiswoode, the gas industry's regulator, to provoke wider discussion of regulatory reform addresses many important issues.

The long-simmering debate over the powers of the regulators of the UK's privatised industries - mainly electricity, gas, water and telecommunications - is reaching a new pitch.

Much of this is due to the fury caused by last month's decision by Professor Stephen Littlechild, the electricity regulator, to reopen his price review just as the government was completing the £4bn sale of its remaining stake in PowerGen and National Power, the electricity generating companies.

The ensuing fall in electricity share prices highlighted the huge power of the regulators, and their ability to cause controversy.

The central question is whether regulators have too much power, and exercise it in too personal a way, with inadequate disclosure and accountability.

The present set-up was designed to create powerful independent regulators insulated from political pressure. But there are increasing calls for curbs. Last year, Mr John Baker, chairman of National Power, suggested that a five-member tribunal would be more democratic. Other commentators have called for a single, unified regulator.

Ms Spottiswoode believes the main problem lies in the discretion given to the regulator, and the difficulty of reaching fair decisions in issues which are usually complex and highly technical. She also feels that the terms of accountability are too fuzzy - to whom does the regulator answer?

The ideas she is airing would address these problems in several ways.

First, they would create more balance in the appeals procedure. At the moment, only a regulated company has the right to appeal against a regulator's decision to the Monopolies and Mergers Commission. She has questioned whether this right should be extended to the government.

The objection to this - which Ms Spottiswoode's colleagues have been quick to seize on - is that it would open the door

Watchdogs are angry over the latest twist in the argument on their powers

to political interference. However the proposal is not to allow the government to override the regulator, only to refer a decision to an independent arbiter.

To help them make the right decisions, Ms Spottiswoode is suggesting that regulators should set up their own panels of advisers. There is nothing very startling in this idea: regulators can already seek advice from whoever they choose.

But a more formalised system would enable people to see what was going into regulatory decisions, many of which have to be based on commercially confidential information which would never be made public in any case.

The third idea - that a committee of the House of Commons could play a more active role in overseeing the regulators - is not very novel either: committees in both houses of parliament already call the regulators to account. But the process is haphazard and so far their hearings have not led to stronger accountability.

Not surprisingly, perhaps, the ideas emanating from Ms Spottiswoode do not include a reshaping of the regulatory process such as the suggestions of a tribunal or unified regulator.

But perhaps the most striking point about Ms Spottiswoode's activity is that a regulator should be trying to promote discussion about regulation. Her colleagues fear she is treading on dangerous ground, particularly in advertising the idea that government should be able to appeal against regulatory decisions. They believe regulators should leave debate about regulation to parliament.

Ms Spottiswoode feels the regulators have a part to play in the debate, and if they do not speak up, the government will take action without considering their views. That could be bad for regulation, and for the consumers whom the watchdogs have to protect.

David Lascelles

NEWS: UK

■ Activists try to parachute into weapons factory ■ Greenpeace claim on plutonium is rejected

# Protestors invade two nuclear plants

By Hugh Clayton  
in London

Anti-nuclear protesters yesterday broke into two nuclear plants and claimed to have disrupted work in both. The protests, timed to coincide with talks in New York on the nuclear Non-Proliferation Treaty, were organised by the environmental organisation Greenpeace. It said its two big demonstrations in England had been joined by members from mainland Europe, north America, Australia, New Zealand and South Korea.

Police said there were 41 arrests in the British Nuclear Fuels reprocessing plant at Sellafield on the coast of north-west England after 100 unauthorised people had entered the complex. The state-owned company rejected a claim by the protesters that they had halted output of plutonium. "I can tell you that we've got some Greenpeace people on site, but operations are continuing," said company official Mr Bill Anderson.

Meanwhile demonstrators were attempting to land by

parachute in the complex at Aldermaston 70km west of London where research has been conducted on nuclear weapons for more than 30 years. Aldermaston was a frequent focus for anti-nuclear protests during the cold war. Greenpeace claimed it had blocked with concrete a pipe which, it said, was used for discharging water from Aldermaston into the River Thames about 20km away.

Police said three protesters had tried to parachute into Aldermaston, but none had managed to land inside the complex. The defence ministry in London said there had been a demonstration, but denied that a discharge pipe had been blocked. "I spoke to people at the base and they said it was impossible to concrete that particular pipe," said a ministry official.

Greenpeace said it was acting to do what the treaty had failed to do, which was to halt production of nuclear weapons and plutonium. Greenpeace official Ms Stephanie Mills said: "Instead of getting rid of nuclear weapons, Aldermaston

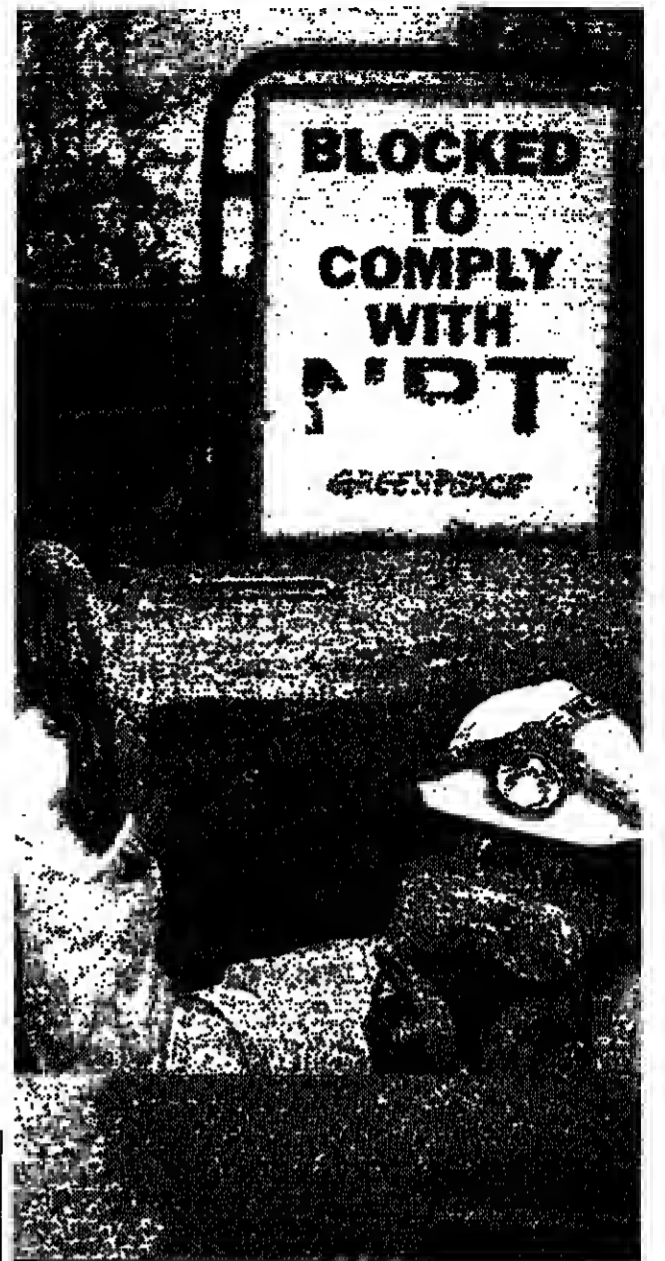
is increasing production of warheads for the new Trident submarines and Sellafield is one of the world's biggest suppliers of plutonium."

Greenpeace mounted its biggest British protests at Sellafield, where 20 campaigners blocked the road into the complex with a container with four people inside it. The group anchored its ship Moby Dick close to the complex's discharge. Greenpeace claimed that the complex pumped high levels of radioactive waste into the Irish Sea.

Greenpeace asserted that its members had halted production of plutonium at the Thermal Oxide Reprocessing facility (Thorp) at Sellafield. But it was criticised by British Nuclear Fuels for linking Thorp with the non-proliferation talks. "Thorp is a civil reprocessing plant, and the uranium and plutonium recovered from its operations are a valuable energy source," said the company. "BNFL is totally committed to non-proliferation, and Thorp complies with all the agreed international safeguards."



While protesters co-ordinated by Greenpeace invaded the Sellafield nuclear reprocessing plant in north-west England (above), another group claimed it had blocked a discharge pipe at a nuclear weapons research unit about 400km to the south (right). The demonstrations were timed to coincide with international talks in New York about the nuclear Non-Proliferation Treaty



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**UNISYS**

## Grunge is out as formal wear comes back in

Some tailors say there has been a change in spending priorities

Formal wear is back in fashion according to some retailers of men's wear. Mr Roland Gee, managing director of the Moss Bros chain of tailors' shops, said: "Formal wear is in and smart suits are again fashionable. Grunge is out." His company has just announced an 81 per cent rise in annual profits to £7.36m (\$11.8m).

The idea of dressing up for special occasions and looking smarter in the office has pushed up sales of men's suits and increased the hire business after years of decline.

Retail sector analysts say that with the end of the recession, British men have begun to improve their wardrobes with the aim of looking smarter at work and at social events. Mr Robert Smith, an analyst at Société Générale Strauss Turnbull, said: "We are seeing a trend towards more formality which comes against a background of low inflation and modest growth. There seems to be a desire to look crisper and smarter."

Mr Malcolm Busby, managing director of Simpson Piccadilly, said underlying sales growth in men's suits and formal wear had been about 18 per cent compared with 7 per cent across the group as a whole. Next has seen a 20 per cent increase in underlying suit sales over the past year.

Mr David Moss, director of buying at Moss Bros, said better economic conditions had helped the suit market but added that last summer's hugely successful film, *Four Weddings and a Funeral*, also did much to promote the idea that formality can be fun. He believes that a small but significant feature of Moss Bros' results was the growth of its hire business. The com-

pany claims to have about 40 per cent of the men's garment hire market.

The recovery in smart clothes, however, is from a low base. Analysts say those companies, such as Moss Bros, Austin Reed, Marks and Spencer and Next, which have stuck to selling suits are merely benefiting from the end of a decline in formal dress. Mr Peter Jones of brokers Peel Hunt said: "To say there is a long-term trend back towards formal wear is perhaps overstating things."

Mr David Jones, chief executive at Next, agrees: "There's been a reduction in the number of outlets offering formal wear rather than an increase in the number of customers." Figures collected by TMS Partnership, a market research organisation, confirm this view by showing only a slowdown in the decline of suit sales. Overall, the UK market was down by 1 per cent to £553m in the year to the end of February. Ready-made suit sales grew by 3 per cent to £516m and made-to-measure suit sales were down 30 per cent to £37m.

On the basis of these figures, the traditional London bastion of formal wear is understandably less than impressed by the so-called new fashion. Mr Angus Cundey of Henry Poole said: "Savile Row is not bursting with orders. As far as we can see, Englishmen are spending less and less on high quality clothing."

More than half the orders at Henry Poole - where the average price-tag is £1,300 compared with £148 for ready-made suits - now come from countries other than the UK, particularly the US and France.

James Whittington

## Companies receive phones reminder

British Telecommunications, the former state utility, yesterday issued a reminder to companies which return to work today after the Easter break to check that telephones, computers and fax machines had been changed to accept new dialling codes.

More than 4,000 customers telephoned a helpline on Easter Sunday, the first day of the new dialling codes, which for most areas involved inserting the number '1' after the first '0'. The cities of Leeds, Sheffield, Nottingham, Leicester and Bristol have been given new codes and the international dialling code for calls made from the UK has changed from 010 to 00.

A team of 60 operators will be in place this morning, and BT expects to deal with 700 calls an hour as industry

returns to normal working. Mr Alan Croft, BT's project manager for "Phoneday" said: "Replacing the old codes with the new ones in phones and equipment which store telephone numbers should be the first job for anyone who did not make the change before Easter."

People who misdial are automatically switched to a recorded announcement advising them of the new codes, and the message will be kept on until any confusion has ended.

A BT official said: "We always knew that the big test will come on Tuesday when the volume of calls will be double those of yesterday and today. We are confident that our system can cater for anyone who continues to use the old codes."

## MANAGEMENT: THE GROWING BUSINESS

James Buxton on the fortunes of two ambitious companies that have adopted alternative methods to raise much-needed capital

## Expansion along Scottish routes

**V**ision Group, a young company which produces miniature computer-based video cameras, has become a quoted company. Trading in its shares began on the London Stock Exchange last week after it raised £5m from institutions in a placing. It now has a market capitalisation of £48m.

Flotation is an obvious choice for many ambitious companies in the UK and US. However, it is not the only way.

Soon companies around the world will be invited to become a partner and stakeholder in Creos International, which makes power supplies for medical imaging equipment. It has concluded it can grow faster with a long-term partner than with a stock exchange quote.

Both companies are about five years old, based in Scotland and roughly the same size; they employ fewer than 50 people and sub-contract most of their manufacturing. Each has developed a unique technology making it a world leader in its field.

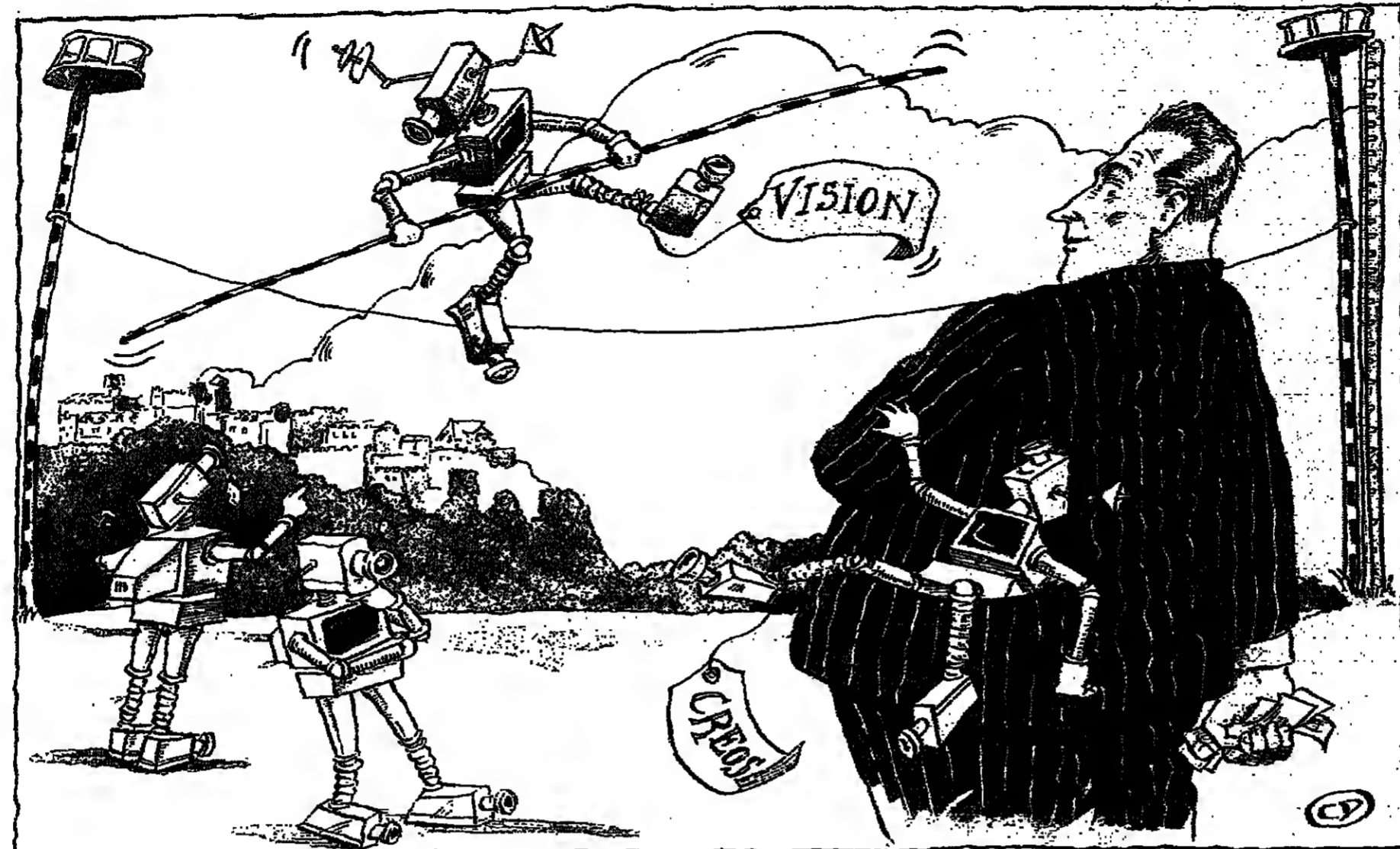
Vision Group's most recent product, the PC card camera, is the first commercially available miniature video camera that can capture and incorporate images directly on to a personal computer. An insurance assessor could use it to photograph a damaged car and add the picture to his accident report on a laptop.

Vision also makes miniature cameras for industrial and domestic security applications, and a programmable smart camera for traffic monitoring, production line inspection and remote surveillance.

At their heart is a microchip on which, uniquely, the camera's sensor and its processor are integrated - the result of a conceptual breakthrough by Alan Denyer, a professor at Edinburgh University, Vision's founder and managing director.

"The challenge is not to find markets but to keep pace with them," says Roy Warrender, Vision's commercial director. Vision is developing a product for the children's toy market this Christmas. Other applications include baby monitoring devices and video-conferencing via PCs.

To assist Vision's growth, Donnelly, a US motor industry components maker which dominates the market for rearview mirrors, took a minority stake in Vision in 1993; the two companies are collaborating to



develop electronic imaging systems that could replace the car mirror. Donnelly is now Vision's biggest shareholder, with 31 per cent.

Denyer says the flotation, which involved placing under 17 per cent of Vision's enlarged capital, has provided funds to expand sales and marketing operations, and develop colour versions of its products.

He says Vision, which lost £638,000 on sales of £513,000 in the six months to January 31, should become profitable by the end of 1996 and should then on finance its growth from sales.

"We are taking a conservative view of our prospects," he says.

"We don't envisage coming back to the stock market for more money - though we would do so if we found a market opportunity that was really explosive."

Whereas Vision's ambitions cover a bewildering spectrum of possibilities, those of Creos are narrowly focused. It makes small generators which produce a brief, high-voltage charge to medical imaging equipment such as X-rays, so that they deliver the minimum dose of radiation to be effective but avoid the excess that could cause cancer.

"We are the Cosworth [high-performance car] of the medical imaging market," says Douglas Anderson, non-executive president, who helped assemble the team of US and Scottish technologists who lead Creos. Creos has raised all its finance from UK investors. It manufactures at two sites - Denver, Colorado, and Dalgety Bay in Fife.

Anderson claims Creos's technology is three to five years ahead of its competitors' and its products 10 times smaller. Although sales last year were only \$7m (£4.6m) it now believes it is on the threshold of a significant expansion.

Already original equipment manufacturers (OEMs) in medical imaging equipment (such as General Electric of the US, Siemens, Philips,

Hitachi and Toshiba) have created space for small companies such as Creos by outsourcing the manufacture of their key components, instead of producing them themselves.

But confirmation came last November at a medical imaging show in Chicago where Creos received nearly \$100m worth of order inquiries. "Before we had the theory that we would be successful when we saw the list of potential sales, it became real," says Michael Low, managing director.

Creos believes it has the chance to dominate a worldwide medical imaging power supply market worth \$500m. The question is how best to equip itself to exploit it.

The first option would be to carry on as it is. There would be no dilution of the founding investors' stakes (institutions including Electra Innovate, Grosvenor Development Capital and Ivory & Sime hold about 70 per cent of the company, the management 30 per cent). "But we would have to turn away a lot of business that we ourselves have stimulated," says Anderson.

The second option would be to go for a flotation. However, if Creos raised the same £5m as Vision, it would not be enough to support the expansion it believes possible.

But he and Anderson accept that a partnership could result in a dilution of their own stakes in the business, and could challenge its management's independence.

If partnership is the right solution for Creos, why is it not suitable for Vision? Denyer argues that Vision has already been through the stage of having a corporate partner in its relationship with Donnelly.

But a significant difference is that, while Vision's products have considerable sales potential and have attracted 10,000 inquiries, Creos is confronting actual pent-up demand which should be swiftly translated into firm orders.

Misgivings about the extraneous pressures which stock exchange membership imposes do not appear to bother Denyer. "We accept that we will have to fulfil the market's expectations of higher profits," he says. "It's a discipline that's not stopped a great raft of high-tech US companies," which have to meet market expectations every quarter, not every half year.

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**Nigel Andrews**

## BUSINESS TRAVEL

## Plan to cut delays

An attempt will be made today to reduce delays to passengers caused by airport formalities. The International Air Transport Association (IATA) is trying to get all governments to agree that no passenger should take more than 45 minutes to pass customs, immigration and health checks at airports. IATA also wants to encourage wider use of machine-readable passports and other travel documents. It will make its proposals to a civil aviation meeting in Montreal.

## Sleeper services

Scottish sleeper services which are due to be axed could be reinstated, British Rail says. Last week the Central Rail Users' Consultative Committee, the passengers' watchdog, claimed it would be difficult for BR to restore the services. Overnight sleeper trains from London to Fort William and from Plymouth to Glasgow and Edinburgh, together with all Motorail services, are to cease operation from May 28. But restoration may occur if Roger Salmon, the UK rail franchising director, decides to include them in ScotRail's passenger service requirement.

## Karaoke parlour deaths

At least 11 people were killed when fire swept through a karaoke parlour in Taiwan's capital, Taipei, yesterday, reports Reuters. Thirty-eight people were rescued, but 13 were injured. The fire started at 2.08am local time. Its cause was not immediately known.

## Peace dividend

Jordan's hotels are full to bursting because its tourism industry is booming under a boom fuelled by its peace treaty with Israel last October, Reuters reports. There is also a shortage of multi-language guides. Over 500 Israeli tourists have entered Jordan each day since the borders opened last November, and more are expected after May 1 when an initial daily limit of 900 Israeli tourists is lifted. The tourism board is confident the kingdom can handle the higher numbers by investing in new facilities and upgrading older ones.

## Taste for opium

Police raids on 80 hot-pot restaurants in the central China city of Chongqing revealed that half were using opium poppy seeds to spice up their food, the Legal Daily reported. The raids uncovered 71b of opium poppy seeds and shells in six restaurants alone. On average, each restaurant used 11b of opium poppy each month. Poppy seeds add extra taste to the hot pot, a popular dish in Chongqing, which is in the province of Sichuan, famous for its food. Police will start criminal proceedings against restaurant owners.

## Qantas revamp

Business-class passengers travelling on Qantas will notice an improvement, as the Australian carrier's revamped aircraft filter through to its European routes, writes Kate Bevan. They are already in service on some routes between the far east and Australia. Main features of the revamp is bigger seats and more legroom. The revamp has cost Qantas 10 seats in business class on its 747-400s, but unlike other airlines which have elected for bigger seats including Continental and Virgin, it has not abolished first class. The new service is a compromise between old-style business class and first class.

## Likely weather in the leading business centres

	Tue	Wed	Thur	Fri	Sat
London	15-22	16-23	17-24	18-25	19-26
New York	12-20	13-21	14-22	15-23	16-24
Frankfurt	10-18	11-19	12-20	13-21	14-22
Paris	11-19	12-20	13-21	14-22	15-23
Amsterdam	10-18	11-19	12-20	13-21	14-22
Brussels	10-18	11-19	12-20	13-21	14-22
Madrid	11-19	12-20	13-21	14-22	15-23
Rome	12-20	13-21	14-22	15-23	16-24
Tokyo	13-21	14-22	15-23	16-24	17-25
Sydney	14-22	15-23	16-24	17-25	18-26
Auckland	15-23	16-24	17-25	18-26	19-27

## When there's trouble ahead

How do you picture a bodyguard? As Kevin Costner, with an unconscious Whitney Houston in his arms? A muscled man wearing sunglasses and toting a small personal arsenal? Wrong on both counts. In fact, the term "bodyguard" is disliked by the security business, which prefers "close protection escort" or "security co-ordinator". But whatever you choose to call it, you might find yourself needing such help on some of your travels.

Control Risks, a British security group, says there are some cities where business travellers would be wise to have protection. Top of its list at present are Algiers (danger from Islamic fundamentalists); war-torn Freetown, Sierra Leone (rebels have seized foreign hostages); Karachi, Pakistan (two US consulate workers killed during recent violence); and parts of Russia.

"But it really depends on who you are," says Richard Fenning, the company's business development manager. "If you're a celebrity you'll need

## Bodyguards play a more discreet role than they used to, writes Kate Bevan

some kind of protection even in London. The need for protection also depends on what you will be doing. "We wouldn't normally say someone needs protection in Phnom Penh (Cambodia), but if you are going out of the city into areas controlled by the Khmer Rouge you should certainly have someone with you."

In some places business travellers can be just as much at risk as tourists, maybe more so, especially if the assailants are after money.

Control Risks has a pool of about 60 security escorts, most of whom are ex-military. And they are not hairy hunks. "We prefer to keep people out of trouble, so we use a low-key approach," says Fenning.

The last thing you want to do when travelling in a risky area is provoke trouble, so your security co-ordinator is unlikely to wear mirror sunglasses or juggle guns and knives.

You could leave it until you arrive to organise your bodyguard, but that is not recommended. "You can find any number of huge hairy Afghans if you want them in that part of the world," says Fenning, but then you would have no idea who

## The industry would rather use the term 'close protection escorts' or 'security co-ordinators'

they were. It is much safer to determine what you need before leaving home. Costs are not negligible. Depending where you are, a bodyguard is likely to cost about £400 a day or the equivalent, plus expenses. If you take him with you, he may not demand to fly with you in first

class, but he is likely to expect business class. You do not necessarily need a guard 24 hours a day. Often a bodyguard acts more like a liaison officer than a shadow, talking to local police and military, and arranging drivers. With or without a bodyguard, there are plenty of things you can do to make your travel safer. You need to be properly prepared, and preparation starts the moment you step off your aircraft. Do you need someone to meet your flight? If so, should you use a passport to make sure you are not abducted by an imposter who has got your name from the passenger list? If you are not being met, is there a particularly trustworthy taxi operator? Or a notably dangerous one? Your choice of hotel should be based on personal recommendation. Some experts say you should not let anyone into your room unless you know

who they are, but that can be impractical in a big hotel with many staff. Instead, make sure reception calls you if anyone comes to meet you. And ask housekeeping to inform you when staff are going to clean your room. If you are mugged, do not be confrontational. It is not worth being hurt for the sake of cash or possessions. Experts usually suggest that you carry a small amount of cash - "mugger's toll" - that you can hand over without fuss. Women should take special care when travelling alone, though generally they are better prepared than men because they take personal security more seriously as a matter of routine. Women executives should find out if their hotel bar is a hang-out for prostitutes or pimps, and conventional wisdom recommends avoiding ground-floor bedrooms if windows are insecure. With reasonable care, you are likely to need expensive protection only in the wildest places. But many security experts believe that will change.



If the rainforests are being destroyed at the rate of thousands of trees a minute, how can planting just a handful of seedlings make a difference?

A WWF - World Wide Fund For Nature tree nursery addresses some of the problems facing people that can force them to chop down trees.

Where hunger or poverty is the underlying cause of deforestation, we can provide fruit trees.

The villagers of Mugunga, Zaire, for example, eat papaya and mangoes from WWF trees. And rather than having to sell timber to buy other food, they can now sell the surplus fruit their nursery produces.

Where trees are chopped down for firewood, WWF and the local people can protect them by planting fast-growing varieties to form a renewable fuel source.

This is particularly valuable in the Impenetrable Forest, Uganda, where indigenous hardwoods take two hundred years to mature. The Markhamia lutea trees planted by WWF and local villages can be harvested within five or six years of planting.

Where trees are chopped down to be used for construction, as in Panama and Pakistan, we supply other species that are fast-growing and easily replaced. These tree nurseries are just part of the work we do with the people of the tropical forests.

WWF sponsors students from developing countries on an agroforestry course at UPAZ University in Costa Rica, where WWF provides technical advice on growing vegetable and grain crops.

Unless help is given, soil is exhausted very quickly by "slash and burn" farming methods. New tracts of tropical forest would then have to be cleared every two or three years.

This unnecessary destruction can be prevented by combining modern techniques with traditional practices so that the same plot of land can be used to produce crops over and over again.

In La Planada, Colombia, our experimental farm demonstrates how these techniques can be used to grow a family's food on a small four hectare plot. (Instead of clearing the usual ten hectares of forest.)

WWF fieldworkers are now involved in over 100 tropical forest projects in 45 countries around the world. The idea behind all of this work is that the use of natural resources should be sustainable.

WWF is calling for the rate of deforestation in the tropics to be halved by 1995, and for there to be no net deforestation by the end of the century.

Write to the Membership Officer at the address below to find out how you can help us ensure that this generation does not continue to steal nature's capital from the next. It could be with a donation, or, appropriately enough, a legacy.



WWF World Wide Fund For Nature (formerly World Wildlife Fund)

International Secretariat, 1196 Gland, Switzerland.

FOR THE SAKE OF THE CHILDREN  
WE GAVE THEM A NURSERY.



Kevin Costner as a Hollywood bodyguard with Whitney Houston

## Bruised at Big Apple's airports

Air traffic controllers are in such short supply in New York that airlines could be forced to curtail flights during peak summer travel, it was reported last week. The 50 "operational" errors tallied last year by the Federal Aviation Administration included allowing aircraft to get too close to each other or to stray out of their proper air space. The controllers' union and FAA managers are working on a plan to hold aircraft longer on the ground when necessary.

Such delays could force airlines to cancel flights using Kennedy, LaGuardia and Newark airports to prevent hold-ups there affecting services elsewhere. These three New York airports handle 6,000 take-offs and landings a day. The difficult workload and high cost of living have caused the shortage of regional controllers, union officials said.

Athens was in festive mood last week at the start of a three-month ban on cars in its historic centre, Reuters reports. The aim is to reduce air pollution, preserve ancient monuments and make living in the Greek capital bearable again. As the ban started, brass bands played and politicians praised themselves in TV interviews. "This inaugurates a new era which will change the face of Athens and make it a cleaner, more humane and more functional city," Dimitris Avramopoulos, the mayor, claimed. The experimental ban on cars, motorcycles and taxis from 8am to 8pm covers a 0.7 sq mile area below the Acropolis and was the brainchild of the mayor and Costas Laliotis, the environment and public works minister. Athens is plagued by gases that threaten its 3.5m inhabitants as well as its classical treasures. In the summer of 1988, an estimated 800 people died of smoke-related illnesses. City authorities periodically warn people to stay indoors. The ban has closed most roads inside the triangle of Mitropoleos, Stadion and Athinas streets, covering the main food markets, bourse and old parliament building. Only delivery trucks servicing local shops, a few residents' cars and a new fleet of bright red minibuses - free to the public - are allowed. "It's wonderful. It's now the only place in Athens where you don't have to fear for your life when you cross a street or brace yourself for an insult from a frustrated driver," said Yannis Stathopoulos. He was helping children paint boards which will seal off work sites for the new metro, which is due to open in 1997 and will help cut traffic and pollution.



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## MEDIA FUTURES

## Time for the UK to network public information



Tim Jackson

When the definitive history of open government is written, 1995 will probably be declared a landmark, for it was in that year, nearly half a century after the foundation of His Majesty's Stationery Office, that parliamentary papers were first made available to the public. It is depressing to note what little progress has been made since then.

A century and a half later, HMSO still typesets and prints its documents, and sells them by mail-order and to personal callers at a few shops. Only insiders, such as MPs and journalists, receive them for nothing; the public has to pay. Even green papers, the documents issued by governments when they want to bring interested parties into policy debate, are rarely distributed as widely as they should be.

The paradox is that the technology already exists to give all of us easy access

to public papers. Using the World Wide Web, the 30m-odd users of the Internet can browse through almost 3m different documents, each varying in length from a few short headlines to tens of thousands of words.

They can use software to search for keywords, producing a list of Web pages that mention the topic they are looking for. While reading one document, they can click on a cross-reference and jump instantly to another document - which may be stored on another computer, in another town, or even in another country.

If this sounds baffling, no matter: the beauty of the Web is that people who use it need not care how it works. The point is that they can find their way around a vast store of information without expertise in computing or librarianship, and for no more than the price of a local call and a subscription to an Internet service.

I experienced a taste of this for the first time last week, in the course of some research on proposals by a US senator for

stricter curbs on the electronic transmission of obscene material. Starting at the Web home page of the Library of Congress, I clicked on Thomas, the name of a bill before the US Congress, checked again to choose the 1994 session, and typed in the words Eron (the Senator's name).

Ten seconds later, the title of the bill came up. A final click transferred the text verbatim to the computer on my desk. But primary legislation and green papers are only the tip of the governmental iceberg. Legislative proceedings, parliamentary questions, regulations, press releases, performance statistics of public bodies, tax leaflets, application forms for state benefits, electoral rolls, Companies House records - all these are documents that can be invaluable to businesses, interest groups and private individuals if only they are easily accessible without excessive cost or inconvenience.

Anyone who doubts whether there would be public demand for such a ser-

vice need only look at the usage statistics for the Thomas service (<http://thomas.loc.gov/>). Its computer deals with around 44,000 inquiries each day, a number that would require a small battalion of civil servants and a substantial mail-order operation to process. Even US government agencies use the system, which is not surprising when it can deliver a legislative text more quickly than most people can scribble a memo requesting a copy.

Britain is far behind. The government has a Web page (<http://www.open.gov.uk/>), but it offers little of substance beyond charter documents, ministerial speeches, the odd press release and the recent G7 communiqué on the superhighway.

With the honourable exception of the minutes of the monthly meetings between the chancellor of the exchequer and the governor of the Bank of England, much of the material on the government's Web pages is high-grade puffery.

If people are reluctant to read PR hand-

outs pushed through their letterboxes, they are even less likely to stay up at night reading them off a computer screen. One might think that it is lack of funds that has been responsible for the deficiencies in the government's Web service. But the price of the computer disc space on which Web information must be stored is low and falling.

At around £1 per megabyte, the civil service could put 1m pages of documents online for around £1m a year. Since many central government departments are already admirably equipped with networked PCs and e-mail, use might be made of existing computer storage, so the price might be lower still.

In any case, the cost of making public papers available electronically would be covered many times by the savings. Civil servants would spend less time sending documents out and answering enquiries for the public would be able to retrieve what they needed independently.

There is already a lively debate in the US on ways in which technology can

make democracy work better by improving the flow of information. In Britain, that debate is only just beginning. The culture of secrecy in British governance - and the vested interests that hinder its reform - will mean that progress is slow. British politicians and civil servants seem to believe that it is easier to defend government policy when its opponents are starved of information.

And a host of professionals - press officers, lobbyists, patent agents, company search specialists, planning experts, regulatory lawyers - sees risks in open government if it allows clients to bypass them.

With luck, both will realise in time that they are wrong: that the free electronic flow of public information will promote better government and provide a better livelihood for professionals who specialise in public policy. Meantime, users of the Web who want access to British public documents must be patient.

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## How long now for dead trees smeared with ink?

Via e-mail, Stephen McGookin interviews an authority on online newspapers

The world's newspapers are leaping into cyberspace.

From *Aftonbladet* in Sweden to *L'Unione Sarda* in Italy to the *Weekly Mail* in South Africa to the *Los Angeles Times* or *Hartford Courant* in the US, newspapers are hurrying along the infobahn at such speed that it is hard keeping track of them.

However, one man who knows, almost by the hour, which publications are heading fastest towards the new electronic frontier is Steve Outing, founder of Planetary News of El Cerrito, California.

For the past year, his company has been using the Internet to create a database of online newspapers throughout the world. (<http://www.northeast.com/e-papers/list.htm>), as well as providing a consulting service for publishers about to take their first step into the electronic arena. Outing is also the author of the 1995 *Online Newspaper Report*, a hard-copy guide to setting up such a service, and widely seen as an indispensable tool for anyone in the business.

While there are other excellent online journalism resources - for example, *Newslink* (<http://www.newslink.org/newslink/>) or John Makulowich's Journalism list and impressive array of links to other sites (<http://www.clark.net/pub/journalism/verbover.html>) - Steve Outing has established himself as an authority on the subject largely by virtue of the two highly active Internet discussion lists he set up in February last year: online-news and online-newspapers.

At present he tracks around

200 online newspaper services - double the number at the end of 1994 - and is hearing of several new additions each week.

"At the end of 1993 there were only about 20 newspaper online services. Just about everyone in the newspaper industry is excited about the possibilities of publishing online - from big metros to community papers," he says. He guesses that there could be between 1,000 and 2,000 newspapers operating such services within two years.

But the herd instinct is at work at present, he believes, with some publishers rushing to establish themselves electronically simply because their competitors are doing so, and because it is relatively cheap and easy to set up on the World Wide Web - the rapidly growing graphics-based side of the Internet.

"I would hope publishers

USA Today comes to the screen

The online service will be available to subscribers dialing in through the CompuServe network.

While USA Today online will use Web technology, and its users will be able to visit other Web sites, the electronic version of the paper will not be accessible to non-subscribing Internet browsers who have Web access.

Subscribers will pay \$14.95 a month, which gives them three hours' usage. Each additional online hour will cost \$3.95.

While the other big online access providers, Prodigy and America Online, cost less per month, USA Today is optimistic that its product will prove competitive in a fast growing market.

enter into this new medium not as a defensive move, but with a realisation that online represents the beginning of a major shift in the publishing industry.

Networked computing technology allows publishers to think in entirely different ways - to create very different products, to experiment. So many newspaper publishers have operated the same old way for many decades. Now comes an opportunity to build a new business model. They need to ask if their organisation has the commitment to break out of the mould," says Outing.

The development of the online newspaper industry in the immediate future depends fundamentally on whether news providers can work out how to charge for their services and achieve economic viability.

Most web-based newspaper

products are free, but have plans to begin charging sooner rather than later. Britain's *Electronic Telegraph*, for example, requires a reader registration as a prelude to a charge-based system, while the *San Jose Mercury News*, regarded as a pioneer in the online field, is set to impose an access fee.

Even a moderate monthly charge for reading a web-based publication - on top of the subscriber's Internet access costs - would probably be enough to deter casual browsers, with the result that each service will end up attracting mainly local users. Steve Outing believes such a result could benefit newspapers which also offer Internet access in their local markets. "They pull in access fees over the short term, don't charge a fee to view the content and slowly are building online advertising. When the online ads increase to a level capable of supporting the services, the paper will have less reliance on making money from selling Internet access."

It is also in the newspapers' interest, he says, to create online services in which they provide an "electronic town hall" for their subscribers to meet. "Any newspaper, big or small, can succeed if it can position itself to be the No 1 online information provider in its community."

No publishers are making serious money online at present. But in the long term, he says, newspapers have an opportunity to turn their online services into profitable ventures, and will do so not by receiving subscriber fees but in three ways: first, by selling advertising or sponsorship; second, receiving a commission based on online transactions that readers conduct with

advertisers; third, charging for premium services such as access to their archives or providing personalised electronic clippings services.

"For the foreseeable future," says Outing, "newspapers will be producing online services that supplement the print products. Or, at least, that will be their intention. I think a small but growing group of people - especially young people who went through college with Internet access as a way of life - will begin relying on these services rather than the printed paper for news. This is not going to be a large group until we have something better than today's PC screens on which to view online services."

He says that the arrival of "robust, magazine-size digital tablets" might persuade large numbers of people to give up the "dead-trees-smeared-with-ink" versions of their newspapers. As far as he is concerned, though, such a breakthrough won't happen this decade. The 1995 *Online Newspaper Report*, Jupiter Communications, New York, Tel: (212) 941 9252.



## IBM lifts Internet services

By Tom Foremski

In a bid to become a significant provider of Internet services to business, IBM plans to more than double the number of local Internet access points on its global data communications network and offer World Wide Web publishing services.

The IBM Global Network will expand from 177 Internet gateways in 21 countries to about 450 local access points in 40 countries by the end of this year. The network currently has about 26,000 business customers, representing about 2m users.

John Patrick, vice-president of IBM Internet Applications, said the group's goal is to provide high-speed communications links based on asynchronous transfer mode (ATM) technology that can provide communications speeds of billions of bits per second. "If you think of a 9,600 baud modem as a 1in garden hose delivering information, with ATM we can build an information pipeline 27in in diameter."

Faster communications speeds will allow for a greater range of services mixing text, video, audio and graphics information.

As part of its Internet expansion plans, IBM also said it will shift the Prodigy consumer online service to a network of World Wide Web servers, allowing it to be accessed by anyone connected to the Internet.

It also said it has begun to provide information about next year's summer Olympic Games in Atlanta to Internet users. It will provide real-time information on results during the Olympic competition (<http://www.athlanta.olympics.org/>).

## Software to transform the global web

By Louise Kehoe

Advances in Internet software are moving at hyperspeed. A rush of new programs promises to transform the global web of computer networks into a true multimedia communications channel with real-time sound and three-dimensional animation as well as video clips, text and graphics.

Unlike the experimental multimedia Internet transmissions that are currently accessible only by a small minority of users with high-speed data transmission links and powerful workstations, this new generation of software is geared to the personal computer user with a standard telephone line hook-up to the Internet.

WebSpace, from Silicon Graphics, will bring three-dimensional graphics to the World Wide Web, the fastest growing part of the Internet. Users of the program, which works in conjunction with popular Web browsers such as Netscape and Mosaic, will be able to navigate through "virtual worlds" - 3D cities, museums or art galleries, houses or hotels. Someone choosing a holiday destination, for example, might take an online tour of a resort, checking out the swimming pool, choosing a restaurant menu.

The software is expected to be used to create electronic shopping malls where customers can wander around looking at merchandise, move closer to examine products of interest and look at them from every angle.

Beta versions of WebSpace will be available free on the WWW by the end of this month. Silicon Graphics' ver-

sion of the software will run only on its high performance workstations, but Template Graphics Software will offer versions for use on PCs, Apple Macintosh and other workstations (<http://www.sgi.com>).

Hot Java! from Sun Microsystems is a new type of Web browser. Rather than simply transferring static pages of text and graphics to a user's computer, it also downloads mini-applications programs, or "applets". Using Sun's Java programming language, Web site producers can create their own special purpose programs to greatly enhance the capabilities of the Web, while maintaining compatibility with the standards that have fueled its growth.

Sun demonstrates, for example, a financial planning information site that features a moving share price ticker across the top of the screen, while also tracking the performance of selected stocks. Another possible application might be an up-to-the-minute report on sports results. But the possibilities are as broad as the ingenuity of Web site programmers will allow. The Hot Java! browser will give the Web capabilities similar to those of a CD-ROM, but with live data updates and interaction.

Versions of the Hot Java! browser for use with Microsoft's Windows 95 and the Apple Macintosh are scheduled for release in June, via the Internet, free from Sun's Java site (<http://java.sun.com/>).

RealAudio, from Progressive Networks, a Microsoft spin-off company, works with existing Web browsers to provide a much improved method of transmitting voice and music via the Internet.

For Internet users accessing the Internet from PCs with standard modems, sound transmissions are today little more than a novelty. It takes about three minutes, for example, to download President Bill Clinton's 24-second "Welcome to the Whitehouse" message, and nearly a minute to wait for the four-second sounds of the White House cat, meowing (<http://www.whitehouse.gov/>).

RealAudio eliminates the downloading delay, enabling Internet users with multimedia PCs to play back audio in real time, as easily as using a standard tape recorder. It creates the possibility of "audio-on-demand" via the Internet, providing Internet publishers and marketers with a new media type to add to their Web sites. Internet users can look forward to playing music and listening to recorded radio programmes. In turn, Progressive Networks has announced three products: the RealAudio Player program for consumers, the RealAudio Studio for Web site content creators, and RealAudio Server for online publishers. Pre-release versions of the programs are now available free on a limited basis. (<http://www.realaudio.com>).

QuickTime Online, from Apple Computer, promises music videos over the Internet. To play back the interactive music files, PC users will need Apple's QuickTime program, which comes in different versions for the Macintosh and PCs running the Windows operating system. Apple is offering the programs for sale online. Downloading videos from the Internet requires patience. Expect to wait nearly 10 minutes for a less-than-two-minute QuickTime video (<http://quicktime.apple.com>).

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## SPORT/ARCHITECTURE

# Unsinkable Dennis Conner

San Diego Yacht Club bends the rules for Stars and Stripes

Respective of whether Dennis Conner goes on to win his fourth America's Cup, he has probably already pulled off his greatest victory.

Ten days ago he was knocked out of the defender trials at the semi-final stage, victim of keel failure and a slow boat. But then two things happened. Conner was invited back into the regatta and his modestly re-vamped yacht started winning.

Is Conner genuinely unsinkable, or are we watching a kind of legend for which the Cup has long been famous? After all, in the late 19th century Lord Dunsen's accusation that the New York Yacht Club was bending the rules was sufficient provocation to cause the virtual cessation of diplomatic relations between Britain and the US.

Certainly it helps that Conner is playing on his home turf. San Diego is a world away from the still correctness of Newport, Rhode Island, and this is the great helmsman's backyard. He was born the son of a commercial fisherman and still occasionally makes play of the fact that he was a poor boy hanging around the yacht club and in his twenties before he could afford to buy a boat of his own.

Everyone was amazed when San Diego Yacht Club tore up the rule book and allowed a fifteen semi-finalist back into the fray. Conner professed delighted amazement but few were convinced. A lifetime of favours owed and returned lay behind this benevolent gesture. When they announced the extraordinary changes to the format for the finals, America's Cup '95 officials were unabashed.

"The San Diego Yacht Club can agree to do it a different way than they started out,"



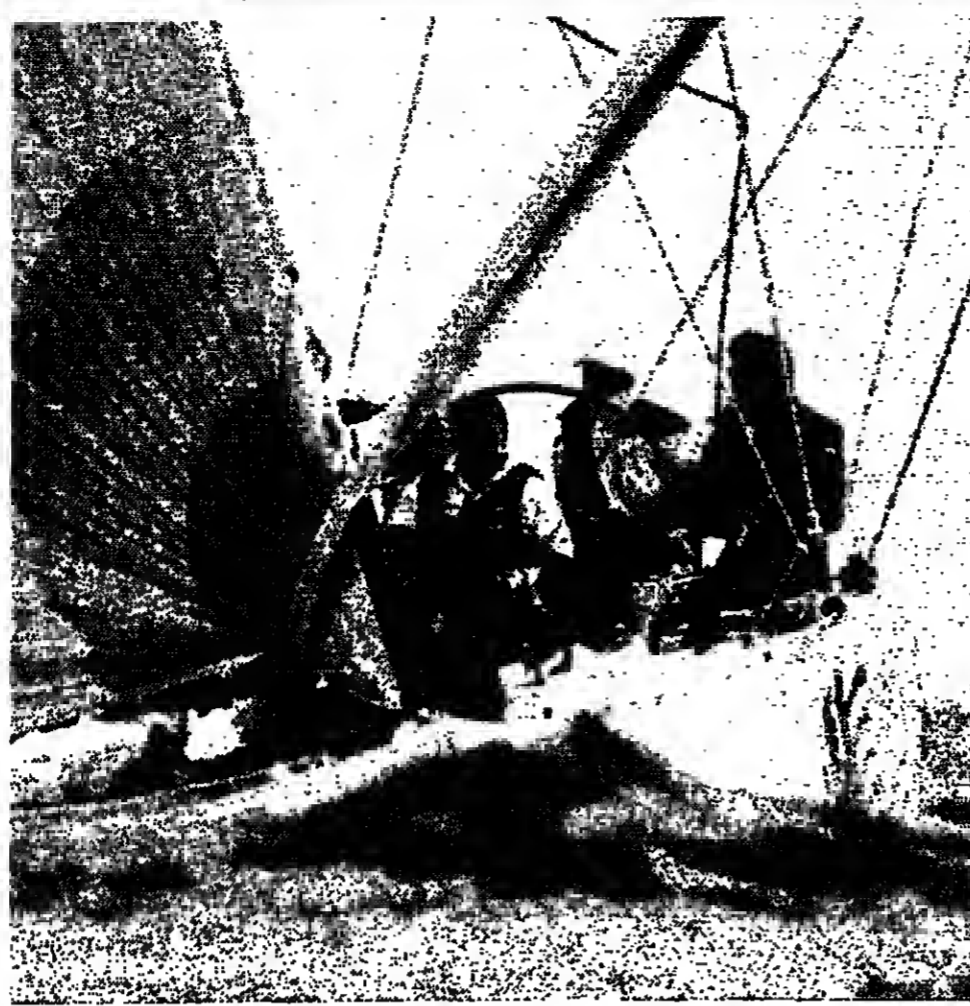
KEITH WHEATLEY

asserted Chuck Nichols, president of AC '95. "The America's Cup is not like the Super Bowl. We have a duty to get the strongest defender to the start line to beat off a foreign challenger."

The race three days ago between *Stars* and *Stripes* and *Young America* was a convincing vindication of the yacht club's new position. The two yachts were never more than about 50 yards apart around an 18.5-mile course. Conner won a nail-biting downwind finish, with the two yachts coming to the line on opposite gybes, separated by just one second.

Although the veteran skipper was aboard, as always, his protégé, Paul Cayard, helmed the boat for the entire race. Normally Cayard will start the boat and steer on the upwind legs. Conner taking over for the spinaker runs. "We didn't plan for me to steer the whole way but it didn't seem fair to hand off the wheel in conditions that needed total concentration," Cayard commented later. "These boats are very tough to steer."

For the past three months Cayard's performance in the 10 minutes of tight, aggressive pre-start jockeying has been crucial in keeping *Stars* and *Stripes* in the war, in the fickle



Mighty Mary trails Young America in the defender finals off San Diego last Friday

breezes off San Diego it is vital to choose the side of the course likely to benefit from wind shifts. That means keeping the other guys off it.

The starts are like musical chairs, with two 80ft boats and one chair. "Paul's been able to start us exactly where I tell him all year, and that takes a great deal more talent than most people can understand," praised Tom Whidden, tactician on *Stars* and *Stripes* and Conner's closest lieutenant for over 15 years.

Onboard television cameras broadcasting the races live on the ESPN cable TV network show the three men to have a relaxed, humorous and totally focused relationship. Cayard is a newcomer to the Conner camp, having joined last December after a fruitless two years trying to raise funds for an Italian campaign.

From 1989 to 1992 he skippered the *Il Moro* team for the late Raul Gardini. Before Christmas he seemed more resigned than enthusiastic

about signing up with *Stars* and *Stripes*. "I don't know what role, if any, I'll have on the yacht but long-term it seems better to be in the Cup than out of it," he said. Since then he has seemed rejuvenated, trusted by Conner (with whom he was never previously close) in a more hands-on role than he could have imagined.

Although he can be prickly and ungracious with public and opponents, it is a sign of the huge loyalty Conner generates within his crew that he can bring a star like Cayard into the boat without creating resentment. "Dennis is a great manager as well as one of the world's greatest sailors," says Whidden. "He knows how to add to the programme without destabilising anything. We're having a lot of fun out there. Morale is up."

Of course, Conner wouldn't be the competitor he is if the coup of getting back into the

regatta didn't have the bonus of destabilising his most likely opposition in the final, *Team New Zealand*. "People are driving trucks through the rules and the international jury doesn't seem to care," fumed Peter Blake, the head Kiwi. "It seems like you can get away with absolutely anything in this regatta. We might as well send the jury home, since they're no use at all."

Blake argues that the constant re-writing of the Cup regulations, and compromise solutions based on expediency rather than the letter of sailing law, is demeaning to the Cup. An event which ought to be the sport's pinnacle is being unfairly rearranged.

"We thought there were going to be two boats in the defender final, now there are three. Can we even be sure that we'll be racing the winner?" mused an angry Blake. One thing Blake can be certain of is that Dennis Conner does not want him to be sure of anything.

# Trust the Trust

Colin Amery looks at the guardian of Britain's architectural soul

Easter is when it all begins. The ropes go up, the druggists (floor coverings) go down, and kettles are rolling all over the land.

It is the start of the country house visiting season. This year there is a special edge to everything because the great country house impresario in the business, the National Trust, is celebrating its 100th birthday.

There is real cause for celebration. The trust is an enormous success. There is something perfect about those two words, national and trust, put together, they have become Britain's most successful charity. Wealthy widows and widowers all over the kingdom are ready to inscribe those two words in their wills.

Nor have families needed all that much persuasion to hand over their entire patrimony to the gentleman from the trust; they even throw in enough money to cover running costs - for ever. Even 20 members of the public pay up every year to become members. We trust the trust.

For the last 100 years, when everything else has been transformed by the 20th century hurricane of change, the National Trust has quietly and diligently maintained more than lands and houses it has nurtured the nation's soul. Its founders knew that there were values in Britain worth conserving, values that were almost subliminal because they seemed to represent a shared sense of order rooted in the land.

There is still a feeling at the trust that the world prior to 1914 was a better place. Hierarchies were understood; God was more than likely an Englishman. It is a feeling that a lot of people share but are nervous about articulating. It is a shared understanding, almost an instinct, that many will feel this year as they stand in the well-kept park of a great country house with everything in its place and as it should be, thanks to the National Trust.

Rightly, this view of the trust could be seen as verging on sentiment. There is a danger of sounding like the prime minister struggling to pro-

claim his affection for England as the land of chess, cricket and warm beer. This, the founders of the National Trust had a more vital view. When Octavia Hill, Hardwicke Rawnsley and Robert Hunter created the trust a century ago they were inspired by John Ruskin shouting out for the preservation of beauty and salvation through art.

Their early actions show that they had a breadth of vision way beyond the preservation of a feudal status quo. They did not acquire country houses at first. There was no money. They saved for the beauty of its coast and countryside; the little Clary House at Alfriston, for its palpable sense of age and local history; Wickham, to conserve its particular natural life. Houses came later. Barrington Court in Somerset was almost the first but I doubt that it was seen then as the forerunner of the string of great houses that war and taxation were to push into the protective arms of the trust.

Inevitably, as the trust has grown it has changed, and size has its drawbacks. But bureaucracy is something to be resisted and the presence of a large workforce of volunteers is a way of saving the trust from official ossification. These volunteers sit on committees at local and national level and many of them do more than deliberate. There are guides and conservators, needlewomen and gardeners, and the youth of the nation camps. They are as much the National Trust as anyone at head office in London.

If there are drawbacks to size, there are dangers in constant expansion. I think Ruskin would be worried that the trust's properties could become too uniform. There is a sense of sameness developing in the trust, not dissimilar to the uniformity of Marks and Spencer's outlets. The

evenness at MAS comes from a belief in quality, and there is something comforting in finding an identical MAS in Aberdeen and Truro. But I do not want that feeling when I visit Hardwicke and Saltram.

I think the uniformity within the National Trust comes from meticulous organisation. A visit to a trust property is in danger of becoming a programmed experience. Visitor routes are planned from car park to shop. It is all very discreet and ordered and you can be sure that the "home made" teas will be as evenly good wherever you go.

What can easily be lost when an uninvited-in house becomes a show place is a sense of casualness, of accidental visual pleasures, of the middle of farms and animals. No National Trust conservation can let that sense of ease pervade a house any more, and it is a loss. It is to do with real life, not conservation: knowing when to leave things alone and when to let the marks of time show. It is also to do with not making the past something to be commercialised or sentimental.

On the trust's 100th birthday, a gentle warning about the dangers of sanitising the past may be in order. But this is not to detract from the almost unbelievable achievements of the century.

We must miss the National Trust for the salvation of the coastline which it has encouraged and carried out through its Enterprise Neptune campaign. And I happen to think that the trust is perfectly placed to campaign in the next century. It is old enough not to be nervous, it speaks for the heart of the nation. In the next 100 years, as it guards the perfection of its landscapes and houses, it should look at the villages, towns and cities of the kingdom too. To continue to follow Ruskin means that the trust must continue to broaden its beliefs.

History and beauty are everywhere to be found. Now that the National Trust is so well rooted in our consciousness it can achieve anything.

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**APRIL 24 & 25**  
**FT European Water Industry**  
The water conference is a highly successful series which examines the cost challenge of meeting EC quality standards and the increasing need to put figures on environmental costs.  
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**Microsoft and Internet Speakers for Delivery Conference**  
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**EU Data Protection: How will it affect your business?**  
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Contact: Nicola Martin, CBI Conferences, Tel: 011 379 7400  
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**APRIL 26-27 & OCT 16-17**  
**Derivatives Risk Management Seminar**  
Executives in the financial industry involved in planning, organising and directing financial instruments in banking and treasury departments. Developing new financial products. Trading in derivatives. Controlling exposure and risk. Developing the technology to support derivatives. £700 plus VAT.  
Director: Prof Dimitris Harys, Contact: BPP Bank Training, Hilary Jackson Tel: 011 628 8444 Fax: 011 628 7018  
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**APRIL 26-27**  
**Sourcing from Norway**  
Discover investment, joint venture and sourcing opportunities in Norway. With a focus on the stone and mineral sector. Norway's competitive advantages as a nation outside the EU will be discussed, along with geological resources, transport, finance, incentives, legal and taxation issues.  
Contact: Norwegian Trade Council, Tel: 444 011 171 973 0188  
**LONDON**

**MAY 2**  
**Middle East Stock Markets**  
A full day conference for investors covering 10 Arab Islamic markets. Key speakers include Ahmed Alamed, senior in-charge officer, International Finance Corporation, Washington; Mahmoud Al-Jarwal, executive president, Nisec Securities Market; Dr Umayya Toukan, director general, Amman Financial Market; Dr Fay El Noss, Chairman, Capital Markets Authority, Egypt. £75 (+VAT) including lunch.  
Contact: MEED Conferences, London Tel: 011 624 5513 Fax: 011 624 5517  
Hyde Park Hotel, **LONDON**

**MAY 2-3**  
**Financing Projects and Managing Risks with the Overseas Private Investment Corporation (OPIC)**  
Learn how to use OPIC's insurance and financing programs to support and structure deals in developing countries and emerging markets throughout the world. Designed for corporate business executives of U.S. companies. Featured conference speakers include OPIC President Ruth Markin and Daniel Vignola, author of "The Price and Russia 2010".  
Contact: Kili Mills, +1 202 330-8604, Fax: 202 408-5145  
**LONDON**

**MAY 2 & 3**  
**Practical Dealing Course - Money Market**  
Training in traditional Cash markets and short term derivatives dealing - risk identification and evaluation, product pricing, position management opportunities to test theories learnt in WINREAL PC based dealing simulation and practical exercises. For corporate treasury personnel and bank dealers. £250 + VAT.  
Contact: Vertical Systems Institute Ltd, Tel: 01159 563020 Fax: 01159 565821  
**LONDON**

**MAY 3**  
**How to Use Franchising in Your Business**  
A CBI/ICM/BFA/Bancayan Bank conference which will address all issues relating to franchising and in particular what it can and cannot do for your business. Speakers do include Sir Bernard Legum, President, BFA and Max Wolfenden, Managing Director, Whymper International and Chairman, BFA.  
Contact: Fiona Walker, CBI Conferences, Tel: 011 379 7400  
**LONDON**

**MAY 12**  
**The Business Agenda for Europe**  
A one-day seminar focusing on European Economic & Social Policies, in particular, the impact of EMU on Business. Speakers include: Robbie Gilbert, Director of Employment Affairs, CBI; Peter Wickham, ex Head of Personnel, Nissan; John Miles, TUC; Colin Shanahan, KPMG; Dick Turner, QC and The Rt Hon Paddy Ashdown MP.  
Contact: Sarah Gilling, Liberal Democrat Business Forum 011 222 7999 ex 546 or Fax 011 716 7446  
**LONDON**

**MAY 15-19**  
**Company Credit Analysis**  
All staff who have some responsibility for knowledge, involved in debt financing in the mid-market sector. Upon completion delegates will be able to identify and mitigate risks involved in reaching a balanced decision to debt financing propositions & structure the facility appropriately.  
Contact: FUTURES Quality Financial Training, part of AT&T Tel: 011 742 9099 Fax: 011 742 9064  
**LONDON**

**MAY 16**  
**Bob Camp on Benchmarking**  
One of the World's leading experts in improving business performance. This seminar provides the opportunity to discover how your business operations and productivity can be improved. Registration fee: £170.00 (incl. lunch).  
Contact: Kathryn Morgan, Loughbair Training and Management Centre, Tel: 01670 791 348 Fax: 01670 791 385  
**LONDON**

**MAY 16-17**  
**Creating the Learning Organisation**  
The essential route to continuous improvement, flexibility and corporate renewal. Conference provides a practical guide to developing the programmes, skills and working practices required to embed organisational learning in the business. Keynote presentation David Garvin, Professor of Business Administration, Harvard Business School.  
Contact: Business Intelligence Tel: 0181-543 6565 Fax: 0181-544 9030  
**LONDON**

**MAY 18**  
**Technology Transfer**  
CPD Accredited  
The object of this one-day seminar is to provide a comprehensive and up-to-date practical review of developments in the law presented by practitioners specialising in the relevant fields.  
Contact: International Professional Conferences Ltd on 0161 445 1621  
**LONDON**

**MAY 22-26**  
**Introduction to Lending**  
Personnel with limited credit experience, who will need to individualise small business or require a grounding in basic lending skills for lending to larger corporates. Provides students with skill to identify/analyse risks attached to specific lending propositions, translate analysis into balanced decisions & prepare balanced credit reports.  
Contact: FUTURES Quality Financial Training, part of AT&T Tel: 011 742 9099 Fax: 011 742 9064  
**LONDON**

**MAY 23**  
**Decoding NVCA/GNVOs**  
Making use of vocational qualifications in your organisation. This conference aims to help employers to understand, interpret and exploit the development of NVQs and GNVOs. Keynote address: Sir Bob Reid. Speakers from: CBI, NVQ, AT&T, UCAS. Workshops from leading UK organisations: Ford Motor Company, Tesco Stores, Capenhorn Hotels and Metropolitan Police.  
Contact: Elaine Jackson, Tel: 0171 379 7383 Fax: 0171 240 8018.  
**LONDON**

**MAY 24-25**  
**Succeeding with Teams**  
How to overcome the cultural and organisational barriers to effective teamworking. These-based teams provide a competitive edge with flexibility, speed and productivity, but they will not succeed unless the cultural, communication and implementation issues surrounding teamworking are properly addressed.  
Contact: Business Intelligence, Tel: 0181-543 6565 Fax: 0181-544 9030  
**LONDON**

**MAY 30 - JUNE 1**  
**Management Skills for Senior Executives**  
Aimed at senior managers and executives in the financial sector with direct people management responsibilities. Delegates will be equipped with proven frameworks & concepts across a range of management skills, understand & practice the role and skills of management and team building, examine the strategic implications of organisational theory and apply them to their own organisational development.  
Contact: FUTURES Quality Financial Training, part of AT&T Tel: 011 742 9099 Fax: 011 742 9064  
**LONDON**

**JUNE 1**  
**Technology & The Lending Banker**  
Aimed at executives and senior management in the financial sector who are involved in a change programme in credit risk management, and managers wishing to understand the latest developments in computer-based lending programmes.  
Contact: FUTURES Quality Financial Training, part of AT&T Tel: 011 742 9099 Fax: 011 742 9064  
**LONDON**

**JUNE 5**  
**Helping Your Bank to Help You**  
Suitable for executives and staff involved with and/or responsible for maintaining bank accounts &/or seeking debt financing. We will show you how to select a bank that best suits the needs of your firm, how to negotiate the terms of a loan, how to manage credit applications & develop sound banking relationships.  
Contact: FUTURES Quality Financial Training, part of AT&T Tel: 011 742 9099 Fax: 011 742 9064  
**LONDON**

**JUNE 6-8**  
**An Introduction to the Financial Sector**  
Targeted at personnel, including new entrants, who need to gain understanding of how the financial sector, banks in particular, operate, the products and services offered, and how the sector is likely to change in the future.  
Contact: FUTURES Quality Financial Training, part of AT&T Tel: 011 742 9099 Fax: 011 742 9064  
**LONDON**

**JUNE 7**  
**Business Performance Measurement: The New Agenda**  
A special half-day seminar which explores how executives can more effectively drive future business performance by identifying and managing a wider range of non-traditional performance measures. Featuring David Newton.  
Contact: Business Intelligence, Tel: 0181-543 6565 Fax: 0181-544 9030  
**LONDON**

**JUNE 7-8**  
**ES 95 - Client Server Reporting for the Enterprise**  
Europe's leading conference and exhibition covering the full spectrum of managerial applications and one-off reporting technologies: EIS, OLAP, Data Warehousing, Data Access and Query tools, and much more. An international conference including Paul Sunman, David Norton plus an exclusive exhibition of over 30 leading suppliers.  
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**LONDON**

**JUNE 12-13**  
**Introduction to Banking Systems**  
Executives and managers who require a two technical insight into the use and benefits of computer technology within banks. Upon completion, delegates will know: how computer technology is being used, the benefits of using technology, in areas such as marketing, managing costs, controlling risks and improving complex decision making.  
Contact: FUTURES Quality Financial Training, part of AT&T Tel: 011 742 9099 Fax: 011 742 9064  
**LONDON**

**JUNE 14-18**  
**Customer Profitability**  
Suitable for executives and managers in the financial sector who are involved with technical insight into the use and benefits of computer technology within banks. Upon completion, delegates will know: how computer technology is being used, the benefits of using technology, in areas such as marketing, managing costs, controlling risks and improving complex decision making.  
Contact: FUTURES Quality Financial Training, part of AT&T Tel: 011 742 9099 Fax: 011 742 9064  
**LONDON**

**JUNE 27**  
**The Power of Innovation**  
Suitable for executives and managers in the financial sector who are involved with technical insight into the use and benefits of computer technology within banks. Upon completion, delegates will know: how computer technology is being used, the benefits of using technology, in areas such as marketing, managing costs, controlling risks and improving complex decision making.  
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**LONDON**

**JUNE 27-28**  
**Business Re-engineering: The Human and Cultural Challenges**  
This conference provides a detailed discussion of all the key factors that you should consider to enable a move to new working practices, behaviours and skills. It provides a number of overall frameworks as well as in-depth exploration of the individual elements of a successful change management strategy.  
Contact: Business Intelligence, Tel: 0181-543 6565 Fax: 0181-544 9030  
**LONDON**

**JULY 3-5**  
**The Eleventh International Conference and Exhibition on Liquefied Natural Gas**  
Register now to take part in the world's premier forum for discussion of LNG issues. Being staged for the first time in the UK, this conference will bring together 1,500 purchasers and decision makers from all areas of this rapidly growing and increasingly important sector of the energy industry.  
The Event Organisation Company Tel: 444 171 225 8234 Fax: 444 171 924 1790  
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**APRIL 26-27**  
**Building the Dealing Room (Understanding the Treasury Function)**  
5 day course designed specifically for internal auditors and bank inspectors charged with examining the on-going activities of their institution's Treasury operation, covering cash and derivative markets dealing, limits and management controls. Presented in English. UAE Dignity 3,750.00. Please book by FAX. Lywood David International Ltd. Fax: UK 44 1959 565821  
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**MAY 2**  
**India As A Business Partner**  
This conference, sponsored by Bank of Baroda, Justice Anderson, Oxford International and supported by the Indian Embassy, examines the impact of the reform programme and the prospects for growth of Indian business. Speakers include Richard Needham, Swire, Paul S. Thompson, N. Vaghel, K. K. Karmali. Contact: Chapman Ltd, Tel: 011 225 37744 Fax: 011 225 442993  
**INDIA**

**MAY 2 & 3**  
**FT South Africa - A New Era for Finance, Finance and Investment**  
South Africa is poised for a high-level forum will be the reconstruction and development programme, the role of privatisation in funding the RDP, portfolio investment opportunities, creating the right framework for economic growth, and implementing alternative action and black empowerment.  
Exhibitors: Financial Times Tel: 0181 673 9000 Fax: 0171 673 1335  
**CAPE TOWN**

**MAY 4**  
**Trusts - Conference One: International Issues & Problems**  
**MAY 5**  
**Conference Two: Types & Alternatives**  
Venue: La Touche Hotel  
These two one-day events will be covered by a prestigious panel of speakers.  
Contact: International Professional Conferences Ltd on 0161 445 8623  
**LONDON**

**MAY 10 - 12**  
**Doing Business in Bulgaria**  
A major conference giving businessmen, bankers and executives the opportunity to meet the new Bulgarian government and learn about the latest developments. Aimed at stimulating foreign investment and making top level government & business contacts. Organisers: "Balkan News" together with "Sander" newspaper.  
Enquiries: Tel: +359 06600 Fax: +359 067 4800  
**SOFIA, BULGARIA**

**MAY 18**  
**Euro SMEs 95**  
European Union finance for Small and Medium Sized Enterprises: including vocational training, employment, R & D, innovation, IT, networking, subcontracting, regional development etc. Top speakers from EU and financial institutions.  
Contact: Société Générale de Développement SA Tel: +332 512 4636 Fax: +332 512 4653  
**BRUSSELS**

**MAY 21-24**  
**Co-operation - The Textile Institute's 78th World Conference**  
Topics covered will include: partnerships, joint ventures, licensing, CAD/CAM, retail trends, brand franchising, clothing, footwear, cosmetics, design, finance, logistics and marketing.  
Contact: Society of Textile International Headquarters, Manchester UK Tel: 0161 344 8457 Fax: 0161 835 3087  
**ISTANBUL**

**MAY 22**  
**Offshore Trusts & Trustees**  
CPD Accredited  
In association with STET  
The Channel Islands offer a stable, well known and mature offshore jurisdiction. But to stay ahead of the competition they must continuously re-evaluate their position and set new standards for others to follow. Advances in the offshore trust world will find this invaluable.  
Contact: International Professional Conferences Ltd on 0161 445 8623  
**GUERNSEY**

**MAY 22 & 23**  
**Asian Electricity**  
The fourth FT/Power in Asia meeting will focus on electricity restructuring policies and programmes in the Asia-Pacific region, review developments in China's power sector and examine the growth of independent power projects in Asia.  
Exhibitors: Financial Times Tel: 0181 673 9000 Fax: 0181 673 1335  
**BONG KONG**

**MAY 25 - JUNE 4**  
**First Ecowas**  
Entrepreneurs and economic operators from non-EUWAS countries may participate in the Trade Fair as professional visitors. Specialised units will provide information and facilitate consultation with their ECOWAS counterparts. Information: CICES: Centre International du Commerce Extérieur de Ségal Tel: (+221) 20 305 207750 Fax: (+221) 350712.  
**DAKAR**

**MAY 30 - JUNE 1**  
**Shopping Worldwide - Teleshopping 95**  
NIMA International's third direct response television conference, covering North America and Europe. Keynote speaker David Carman, President and COO, Quantum International. In depth discussions on regulatory issues and current trends, plus six workshops sessions.  
Contact: Vivian Wallace, Tel: 0171-630 9806  
**BARCELONA**

**MAY 31 - JUNE 1**  
**The Burgeoning Eastern Europe: Investing for Wealth and Growth**  
Practical advice on international investment highlights the wide-ranging opportunities in these emerging markets, facilitated by accelerating reforms. Focus on joint ventures, partnerships, corporate financing initiatives, optimum investment strategies, securities market. Eastern Europe/ESU delegates attending. Elite speakers include TACIS, World Bank, UNIDO, BISTRO. Sponsors: Swissair, Ernst & Young.  
Contact: BCI Ltd Tel: +44(0)171 575 5077 Fax: +44(0)171 405 4957  
**GENEVA**

**JUNE 5-6**  
**4th International Financial Services Conference for Latin America**  
Theme: "Re-engineering the Bank - Restoring Profitability". A regionally focused 1 1/2 day conference followed by consecutive 1/2 day workshops. Topics include: Re-engineering in Theory & Practice; Advantages of Business Process Redesign; Opportunities for Foreign Investment; Cash & Payments; Mergers & Acquisitions. Speakers from Western Bank, Banco Consulting Group, Contact: Lafferty Conferences, Tel: (+353) 11 6718022 Fax: (+353) 11 6713594  
**BUENOS AIRES**

**JUNE 6 & 7**  
**FT-The Czech Republic: Beyond Privatisation - New Business Challenges and Opportunities**  
Arranged in association with the Roberti Foundation, the conference will explore the investment climate and opportunities in the new post-privatisation stage of the country's development.  
Exhibitors: Financial Times Tel: 0181-673 9000 Fax: 0181 673 1335  
**PRAGUE**

**JUNE 8 & 9**  
**FT-Lebanon**  
A distinguished panel of speakers, including a keynote address from the Prime Minister of the Republic of Lebanon, Mr Rafik Hariri will examine opportunities for investment both in the physical reconstruction of the war-torn infrastructure of the Lebanon, and in the financing or reconstruction through capital market investments. Economic prospects for the Lebanon against a background of growing regional and international competition for capital will also be discussed.  
Exhibitors: Financial Times Tel: 0181-673 9000 Fax: 0181 673 1335  
**BEIRUT**

**JUNE 8 & 9**  
**FT-Towards 2020**  
One of the few transport conferences that looks at the sector as a whole, this highly regarded annual event focuses this year on the future for rail in general. Britain's pioneering rail privatisation process in particular, and on the efforts being made to resolve traffic problems, and the part transport (and transport infrastructure) plays in the developing world.  
Exhibitors: Financial Times Tel: 0181-673 9000 Fax: 0181 673 1335  
**LONDON**

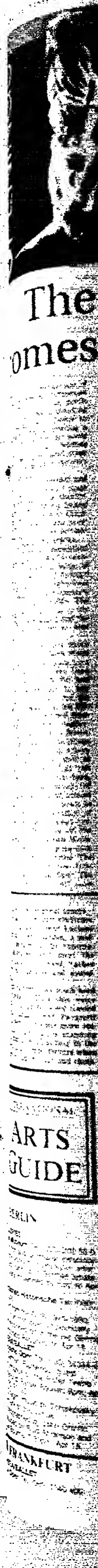
**JUNE 26 - 29**  
**The 23rd Annual International Pharmaceutical Conference**  
This pharmaceutical top management event entitled: "Adapting to a more integrated business supply chain" will centre around the new business models for pharmaceutical companies characterised by increasingly powerful new actors and far-reaching strategic progressions.  
Contact: Gary Posen, Management Centre Europe, Brussels, Tel: +32 2 516 19 87 Fax: +32 2 513 71 08.  
**PARIS**

**SEPTEMBER**  
**Insurance**  
Are international money lenders and traders using banks or have they moved out? Is the insurance market that size? A panel of experts recognised in this field will discuss developments.  
Contact: International Professional Conferences Ltd on 0161 445 8623  
**BERMUDA**

**OCTOBER 11-12**  
**World Aid/Euro Aid 95 Conference & Networking Exhibition**  
Business opportunities in worldwide aid programmes for EU consultants, contractors, suppliers, governments, financial institutions, non-governmental meeting place. Includes WORLD AID GUIDE. Contact: Société Générale de Développement SA Tel: +332 512 4636 Fax: +332 512 4653  
**BRUSSELS**

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# OPENINGS

**LONDON**  
On Wednesday the award-winning Shared Experience stage version of George Eliot's "The Mill on the Floss" comes to the Lyric Hammersmith. Dramatisation is by Helen Edmundson, direction is by Helen Meekler and Polly Teale, the central role of Maggie is played in triplicate by Anne-Marie Duff, Catherine Cusack (left), and Helen Schlesinger.

**WOLFSBURG**  
This north German town, the home of Volkswagen, has recently established a niche in the art world - thanks to its splendid new museum, which has a well-funded programme of exhibitions. The latest is the first European showing of "The Italian Metamorphosis 1943-68", opening on Saturday. Originally mounted by the Guggenheim in New York, this survey of Italian postwar art includes more than 1,000 objects representing painting and sculptures.

**LONDON**  
Papa Wemba (right), the Zairean singer who combines Parisian left bank chic with Afro rhythms, hosts a dance party on the South Bank on Friday. In a rare flash of inspiration, the ballroom of the Royal Festival Hall - the area in front of the bar usually used as an exhibition space - is to be opened up for late night dancing.

## ART



**VERONA**  
When Vivaldi was asked to write an opera for the inauguration of Verona's magnificent Teatro Filarmonico in 1732, he chose a libretto by Scipione Maffei about a faithful nymph - "La Fida Ninfa". On Friday the same theatre presents the work's first modern revival, conducted by American baroque specialist Alan Curtis and directed by Pier Alli. This is likely to be one of the highlights of the Italian opera season.

**COPENHAGEN**  
The summer concert season at Tivoli Gardens begins on Thursday with a popular symphony programme, and continues until mid-September with three or four events per week. Highlights in the opening month include a recital by Ivo Pogorelich and a performance of Britten's War Requiem by the Berlin Symphony Orchestra and Radio Chorus under Michael Schoenwandt.

**VIENNA**  
The Musikverein has organised a series of concerts on the theme of "Persecution and Reconciliation", focusing on music by Bartok, Schoenberg and other persecuted composers. Tonight's opening programme is played by the Budapest Festival Orchestra under Ivan Fischer, with piano soloist Andras Schiff. Other artists appearing over the next four weeks include Nikolaus Harnoncourt, Yehudi Menuhin, Ruggero Raimondi and Bernard Haitink (right).



## The West End comes to the Wells

For well over a decade one of the recurring performances at Sadler's Wells in north London featured a pleading personality asking the audience to give generously towards creating a new stage for the theatre. By some quirk of history, London's leading dance house had a pint sized stage which propelled expansive dancers straight into the pit.

The appeals never succeeded and in 1988 it looked as if the tiny stage would disappear, with the theatre, into oblivion. Sadler's Wells lacked a role - and friends. The Arts Council was hostile; Islington was poor; rich patrons regarded it as occupying the wrong side of the tracks.

As a receiving house, dependent on bookings, Sadler's Wells occasionally gave exposure to some of the more meretricious of foreign dance companies, to vainglorious theatrical ventures. Performance was patchy; the image muddy. The venue which had given birth to the two Royal Ballet companies and the ENO was almost £500,000 in debt and sinking fast.

In January the bulldozers move in: not to obliterate Sadler's Wells for ever but to create the space for a brand new theatre. In less than three years Sadler's Wells has moved from hopeless case to key player in the future plans for the lyric theatre in London and the UK.

Sadler's Wells was rescued from oblivion largely by Clive Priestley, chairman of the London Arts Board, who found some cash to tide things over. He then persuaded Ian Albery from the West End to take over as chief executive. Albery has cut costs; boosted income from bars, merchandise, etc; and introduced new clients, most notably an annual pantomime. The deficit is down to £200,000. But the real salvation of Sadler's Wells is the National Lottery. It will pay for most of the £28.9m needed to build a new Wells.

If the lottery is providing the cash necessity is offering the excuse. The Arts Council requires a new lyric theatre in London, and last. The plan is that Sadler's Wells will close

after the Christmas panto and re-open at the end of 1997 - in time to welcome the singers and dancers of Covent Garden who will need a temporary home while the Royal Opera House gets its lottery funded overhaul.

In effect the new theatre will welcome back the ghosts of the artists conjured up by Lillian Baylis in the 1920s when she rebuilt Sadler's Wells. These performers went on to found our national dance and opera companies.

It is a romantic story, but there are problems. The Arts Council lottery board is adamant that any recipient of its largesse shows its mettle by raising some matching

*The Arts Council needs a new lyric theatre in London, and fast, writes Antony Thorncroft*

money. Sadler's Wells must quickly deliver almost £3m through its own efforts. In the event, so urgent is the need to start work on the new venue that in May it is likely that the Arts Council will approve some lottery money to pay for a feasibility study and the wagon will roll.

Another obstacle is that Ian Albery is not prepared to be walked over by the Royal Opera House. If the price of lottery money is giving Covent Garden's companies temporary accommodation, he will allow the Royal Opera and Ballet short seasons at Sadler's Wells for up to 30 weeks a year. But he will keep control of the theatre, and during its own rebuilding he anticipates maintaining contact with the regular visiting companies by renting a West End theatre for them.

It is ironic that, after years of being put down by the Arts Council, Sadler's Wells should suddenly emerge as a favourite son. And not only as a temporary home for

Covent Garden - perhaps the ENO as well. The new Sadler's Wells neatly solves the perennial row over a national dance house. Albery maintains that his new flexible theatre, which can seat 1,000 or 1,600, will not be such a house; but it will be the centrepiece of a handful of venues which will service the demand for dance - the Coliseum will give up opera for around 12 weeks each year and welcome big companies commanding 2,000 plus audiences; The Place and Riverside will cope, as now, with smaller troupes. And Sadler's Wells will continue to host the mainstream. Perhaps, Albery muses, around the year 2005, if the dance audience merits it, a new, purpose built, dance theatre may emerge.

In the meantime he fuses over the designs for the new Wells. The original plans were savaged by English Heritage, perhaps irritated that a listed building will disappear. The new theatre is an impressive mix of terraced Georgian pastiche to suit the neighbourhood, and a striking wall of glass at the entrance, which can be switched instantly from transparent to opaque. The glass can be coloured, so, if a flamenco group is appearing, the front of the theatre will glow red; if Lindsay Kemp, pink, etc.

Passers-by will see art works in the foyer and Albery has plans to suspend works of art 50ft wide over the audience, visual tasters of the spectacles to follow on stage. The ceilings and walls of the auditorium will be mobile and also able to change colour at a switch. The stage, of course, will be enormous, with perfect sight lines.

Albery himself turns in a good performance - but then he has a background as a West End showman. What makes all this likely is that it fits in with the broader plans of the Arts Council which, like the London Arts Board, is making cooing noises about Sadler's Wells. That is the joy of lottery funding - if the will is there it can turn everything, even Sadler's Wells, into gold.



Chief executive Ian Albery outside Sadler's Wells, the beleaguered theatre which he hopes to turn from hopeless case to key player with the help of lottery cash

## Theatre in London Our Boys

Any one of the injured soldiers in *Our Boys*, Jonathan Lewis's superbly written, very funny play about life in a military hospital, could be the subject of a tragedy. There is Keith, the Orangeman whose RUC father was blown away by a gunman, not who joined the army "because it was a job" and who now suffers from a mysterious dead leg and a bitter attitude; there is Parry, the soldier who lost his toes to frostbite after following incompetent orders, but is so scared of being thrown out onto "civvy street" that he is prepared to compromise his honour and his mates to stay in the army; there is Ian, the squaddie shot in the head in Belfast and, when we first see him, pathetically incapacitated in a wheelchair.

But Lewis's intelligent play, now at the Donmar Warehouse, works by inversion and sprigs clever surprises. His play is fuelled by fury at a system that demands complete loyalty, but spits people out when they are maimed by their duty, and that gives inadequate psychiatric support to soldiers severely traumatised by war. Yet, where you expect sorrow, he gives you comedy, and where you expect didacticism, he employs neat plot twists to make his points.

Much of the play is taken up with amiable humour and laddish banter, and not a great deal really happens. A potential officer moves into the hospital bay (presumably the Lewis figure, since the play is based on his own experience), raising the spectre of "us and them." The lads play a cruel prank on one soldier with romantic illusions. A birthday party for Ian goes wrong when they give him a stupidly inappropriate present. And an inoffensive but rule-breaking drinking game provokes a crisis that reveals the desperation of one character.

In among the witticisms and comic carry on, there are some terribly poignant scenes: few would forget the heartbreaking sight of the strapping Ian cramming birthday cake clumsily into his mouth, like a toddler (a wonderful performance from Jake Wood). But - and this is Lewis's most obvious physical focus for our sympathy, is not the most damaged man.

It is Joe, the charming, boyish, confident leader of the bunch, who seems to be physically least maimed, who is really scarred for life. A horseguard injured in the Hyde Park bomb, Joe conceals a deep psychological wound beneath his bonhomie. Lloyd Owen's excellent performance brings off beautifully the play's change of gear at the end, when Joe finally reveals his pain and describes, with terrible vividness, the trauma of witnessing his colleague's appalling death. This, the play's furious sting in the tail, is skilfully engineered.

Richard Fairman

Sarah Hemming

## Luciano Pavarotti: Un ballo in maschera

Opera-singers - even great tenors - do not belong in football stadiums. It is always a joy to hear Luciano Pavarotti at Covent Garden, a middle-sized opera-house by international standards, and meet the voice as nature intended, rather than via microphones and sound-systems.

Not that Pavarotti has much need of loudspeakers. How this voice projects! Although he is not classed as a heavy Italian tenor, Pavarotti can still seem to produce more volume than larger voices standing next to him (I recall sitting in the back row of the amphitheatre when he came to sing in *Aida* and think-

ing he sounded a couple of feet away). Even with his 60th birthday coming up, the voice is as glorious as ever and moves from note to note with a liquid elegance that few others try to equal.

Over the years Verdi's *Un ballo in maschera* has been one of the operas he has kept at his side, not just because the music lies well for him, but also because audiences want to see him in an opera where the tenor holds centre stage. Pavarotti has sung it at the Royal Opera

House once a decade: in 1978, fresh, bright-eyed, full of bonhomie; in 1981, more serious and tragic (a fraught revival, when he was paired with Cabellotti).

The 1985 Pavarotti is still vocally in his prime, but has decided he wants to make Sweden's Gustavus III more of a character than he did before. Alongside phrases which are carefully shaped (a fine last aria despite a frog in his throat) are others where he has become cavalier about the notes, putting the

music across with the vocal equivalent of a characterful flourish. In general, Pavarotti gives the impression of enjoying himself hugely on stage, compensating for a lack of mobility by acting away to his heart's content on the spot.

Faced with this larger-than-life figure swathed in voluminous cloaks of varied hues, the other principals seem to have taken fright and only dared to creep gingerly towards the limelight when the tenor was not around. Deborah

Voigt, in her Covent Garden debut, made no impression at all until the last act, when she started to sing with more confidence; but even then her well-schooled, bright, American soprano lacked passion and involvement. Giorgio Zancanaro's Ankarström was a disappointing, devoid of personality, lacklustre of voice, despite trying to deliver a knock-out punch in his last-act aria.

Florence Quivar played Madame Arvidson without melodrama, but

it was left to Lillian Watson's perky Oscar, eyes and top ootes a-twinkle, to remind us that these should be five roles with which top international singers cannot go wrong. Edward Downes, soon to spearhead the Royal Opera's Verdi festival, has become a more idiomatic Verdi conductor than some young native Italians these days. On May 1 the cast will be decamping to give a concert performance in the Royal Albert Hall - not quite a football stadium, though probably as close as central London can get.

INTERNATIONAL

ARTS

GUIDE

### BERLIN

**GALLERIES**  
Altes Museum Tel: (030) 203 55 0  
● Munch and Germany: exhibition of early works by Norwegian artist, Edward Munch and German artists that were influenced by him; to Apr 23  
Deutsches Historische Tel: (030) 215 020  
● Art from the GDR 1949-1990: exhibition that looks at politically commissioned art in the old German Democratic Republic; to Apr 18  
**OPERA/BALLET**  
Deutsche Oper Tel: (030) 34384-01  
● Carmen, Flamenco: guest performance by the Ballet Teatro Espanol di Rafael Aguilar; Apr 19, 20, 21, 22  
● Oregin: music by Tchaikovsky. Premiere at this venue, choreographed by John Cranko, produced by Reid Anderson and Jane Bourne; 7.30pm; Apr 18  
**FRANKFURT**  
**OPERA/BALLET**  
Alte Oper Tel: (069) 1340 400

● Gräfin Mariza: by Kálmán. Premiere of the Budapest Opera Theatre production; 8pm; to Apr 22

### LONDON

**CONCERTS**  
Barbican Tel: (0171) 638 8891  
● The orchestra of the Royal Opera House, with soprano Angela Gheorghiu, Christian Thielemann conducts Wagner, Mozart and Strauss; 7.30pm; Apr 24  
Queen Elizabeth Hall Tel: (0171) 928 8800  
● The London Philharmonic: with the Hilliard Ensemble and the London Philharmonic Choir. Roger Norrington conducts Part; 7.30pm; Apr 23  
Royal Festival Hall Tel: (0171) 928 8800  
● Lazar Berman: pianist plays Beethoven, Chopin, Janáček and Liszt; 3.45pm; Apr 23  
● Royal Philharmonic Orchestra: Yuri Temirkanov conducts Shostakovich's "Symphony No. 1" and Tchaikovsky's "Symphony No. 5"; 7.30pm; Apr 22  
● The London Philharmonic: a concert performance of Gilbert and Sullivan's "Iolanthe". With conductor Roger Norrington and includes soloists Alison Hagley and Sarah Walker; 7.30pm; Apr 18  
● Yakov Kreizberg: conducts the Boumoumoum Symphony Orchestra and pianist John Lill to play Debussy, Stravinsky, Krenak and Beethoven; 7.30pm; Apr 20  
**GALLERIES**  
British Museum Tel: (0171) 638 1555  
● Byzantium: treasures of Byzantine art and culture from

British collections; to Apr 23 (not Sun)  
Hayward Tel: (0171) 261 0127  
● Yves Klein: more than 110 works conveying the full range of his output from paintings and sculpture to installations, events, architectural schemes to stage and film scenarios; to Apr 23

**OPERA/BALLET**  
English National Opera Tel: (0171) 632 8300  
● Don Giovanni: a new production of Mozart's opera. House debuts for director Guy Joosten and conductor Marius Stan; 7pm; Apr 20, 22  
Royal Opera House Tel: (0171) 304 4000  
● Peter Grimes: by Britten. Directed by Elijah Moshinsky and conducted by Edward Downes; 7.30pm; Apr 19, 22  
● The Prince of the Pagodas: by Britten. A Royal Ballet production choreographed by Kenneth MacMillan opens a Benjamin Britten "mini festival" at the Royal Opera; 7.30pm; Apr 20

### NEW YORK

**CONCERTS**  
Alice Tully Hall Tel: (212) 875 5050  
● Brigitte Fassbender: mezzo-soprano with pianist Jean-Yves Thibaudet plays Mahler, Reimann, Liszt, Milhaud and Weill; 8pm; Apr 23 (2.30pm)  
● New York Philharmonic: with conductor/harpist Leonard Slatkin and mezzo-soprano Frederica von Stade plays Poulenc, Debussy, Argento and Copland; 8pm; Apr 20, 21 (2.30pm)  
Carnegie Hall Tel: (212) 247 7800  
● Jesse Norman: soprano in her

only New York recital of the season; 8pm; Apr 18  
● London Symphony Orchestra: with violinist Anne-Sophie Mutter and soprano Laura Aulin. Pierre Boulez conducts Ravel, Webern, Berg and Boulez; 8pm; Apr 22  
● London Symphony Orchestra: with soprano Maria Ewing. Pierre Boulez conducts Boulez, Messiaen and Stravinsky; 8pm; Apr 23  
● San Francisco Symphony Orchestra: Herbert Blomstedt conducts Nielsen, Sibelius and Strauss; 8pm; Apr 19  
● San Francisco Symphony Orchestra: with pianist Peter Serkin. Herbert Blomstedt conducts Beethoven and Schubert; 8pm; Apr 20

**GALLERIES**  
Metropolitan  
● Nader: the first major survey of photographs by Felix Tournachon Nadar (1820-1910), the celebrated portraitist of mid-19th century Paris. The exhibition comprises of approximately 100 vintage prints; to Jul 9  
Museum of Modern Art Tel: (212) 708 9430  
● Helen Chadwick: Bad Blooms: the English artist's most recent photographic series comprising of 13 large photographs of flowers in a variety of viscous liquids; to Jul 1

**OPERA/BALLET**  
Metropolitan Tel: (212) 362 6000  
● Parsifal: by Wagner. Produced by Otto Schenk, conducted by James Levine; 6.45pm; Apr 19, 22 (12.00pm)  
● The Ghosts of Versailles: by Corigliano. Produced by Cofin Graham, conducted by James

Levine; 8pm; Apr 18, 21

### PARIS

**CONCERTS**  
Châtelet Tel: (1) 40 28 28 40  
● Orchestra of the Deutsche Oper Berlin: with pianist Elena Bashkireva, soprano Alessandra Marc and mezzo-soprano Uta Priew. Daniel Barenboim conducts Beethoven's "9th Symphony"; 8pm; Apr 21  
Champs Elysees Tel: (1) 49 52 50 50  
● National Orchestra of France: with violinist Sarah Chang and conductor Charles Dutoit plays Ravel, Lalo and Stravinsky; 8.30pm; Apr 20  
Salle Pleyel Tel: (1) 45 63 88 73  
● Radio France Philharmonic Orchestra: with soprano Birgit Remmert, and bass Bryn Terfel. Richard Hickox conducts Mendelssohn; 8.30pm; Apr 21

**GALLERIES**  
Centre Georges Pompidou Tel: (1) 42 77 12 33  
● Constantin Brancusi: first French retrospective of the Romanian born sculptor and painter who spent 50 years in France. The show offers a chronological and thematic look at 103 sculptures, 58 drawings and 55 photographs; to Aug 21

**OPERA/BALLET**  
Opéra National de Paris, Bastille Tel: (1) 47 42 57 50  
● Iphigénie en Tauride: by Gluck. Conducted by Graeme Jenkins, produced by Achim Freyer. Soloists include Carol Vaness, Anthony Michaels-Moore and Keith Lewis; 7.30pm; Apr 18, 20, 21, 24  
● Lucia di Lammermoor: by

Donizetti. A new production by Andrei Serban. Maurizio Benini and Roberto Abbado (from April) conduct the orchestra and chorus of the Paris National Opera; 7.30pm; Apr 20

### THEATRE

Petit Odéon Tel: (1) 44 412 36 36  
● Cat and Mouse (Sheep): written and directed by Gregory Motton, a satirical look at present-day England. The first in a season of plays in English; 8.30pm; to Apr 23

### WASHINGTON

**CONCERTS**  
Kennedy Center Tel: (202) 467 4600  
● National Symphony Orchestra: with conductor/violinist Iona Brown plays Strauss, Haydn, Vaughan Williams and Mozart; 8.30pm; Apr 18 (7pm)  
● National Symphony Orchestra: with conductor/violinist Iona Brown plays Mozart, Bach, Barber and Handel; 8.30pm; Apr 20, 21, 22  
● St. Luke's Orchestra: with pianist Elizabeth Mann. André Previn conducts Prokofiev, Mozart and Beethoven; 8pm; Apr 23

**GALLERIES**  
National Gallery Tel: (202) 737 4215  
● The Glory of Venice: exhibition presented by the National Gallery of Art and the Royal Academy of Arts, London containing works by 18th century Venetian artists. Included are paintings, drawings, pastels, prints, illustrated books and sculptures by artists such as Canaletto, Piranesi, Piazzetta and Guardi; to Apr 23

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The man from Trafalgar House peers out of the window. "Someone's enjoying a recovery," says Jeremy Beeton, managing director of Cleveland Structural Engineering, a Trafalgar subsidiary. "I'm just not sure who it is."

He is not joking. His company, which has been turning out monumental steel structures at Darlington, County Durham, for more than a century, has a fight on its hands even in recovery and a future that seems less than assured. Now working on a bridge for Hong Kong, its UK plant is operating at only 60 per cent of capacity; its workforce is down to 700 from a 1990s peak of 1,100, and Beeton is wondering where to find the next job once the Hong Kong business winds down.

There will be work - collaborations in the Far East, even the odd picking in the UK construction business. But too often, Beeton says, "it's cheaper for me to decide not to take on a job and tell a hundred workers to go home than it is to take on the business and lose money... I worry about what the guy who comes to work on his bicycle is going to do."

A few miles down the road in Middlesbrough, on a bleak post-industrial site on the bank of the river Tees, Colin Scarsi is untroubled by such concerns. His Greco Tyre Company, which manufactures "environmentally friendly" tubeless tyres out of microcellular polyurethane, is just three years old but is selling in 22 countries and cannot ship its wares fast enough.

A new production line will increase output more than sevenfold - all with a workforce of 19 that is unlikely to rise much. Scarsi, who makes up to 25 foreign trips a year, sleeps in the factory and seeks to infect staff with his enthusiasm. "If we'd only tried to scratch away in the UK, we couldn't pay the rent. We needed a bigger market."

### Many contrasts

Two snapshots, from a two-week trip around England talking to businesses of all shapes, sizes and sectors; two extremes of the patchy recovery the UK has been exhorting to enjoy for the past two years.

My fortnight revealed many such contrasts: at one end, retailers and consumer goods manufacturers in hand-to-hand combat over a listless domestic market; at the other, engineering companies confidently investing in long-term relationships with customers at home and abroad. In some places, businessmen are convinced they are witnessing the start of a new golden age for UK manufacturing and exporting, blessed with low interest rates, low inflation, and competitive and compliant labour; in others, they voice all the old worries about UK companies' reputed focus on the short term at the expense of the

## Andrew Gowers finds companies around the UK experiencing varied fortunes Snapshots of a rocky recovery

long, and fears about Britain's economic place in the world.

Aaron Jones is both a doubter and a believer. Head of operations at Massey Ferguson, the tractor manufacturer at Coventry in the West Midlands, he is emerging from the worst worldwide agricultural downturn in 60 years.

Between 1980 and 1982, the company shed a third of its white-collar staff and one in eight of its factory workers. This year, production will be 50 per cent above the 1992 low, and the company's new owner, Agco of the US, is considering a \$13m (\$24m) investment in a new tractor range.

Jones cannot quite believe his luck. "Since things started picking up in the summer of '93, it's been relentless," he says. "The big question in people's minds is: how long can this go on? We're all sitting round and saying: 'It can't go on like this, it can't.'"

His caution is not just rhetorical. He has been recruiting workers again, but initially only on three-month contracts. He is determined to avoid contributing to another boom-bust cycle. "The worst thing would be for me to recruit like stink and then lay off everybody again when things turn down."

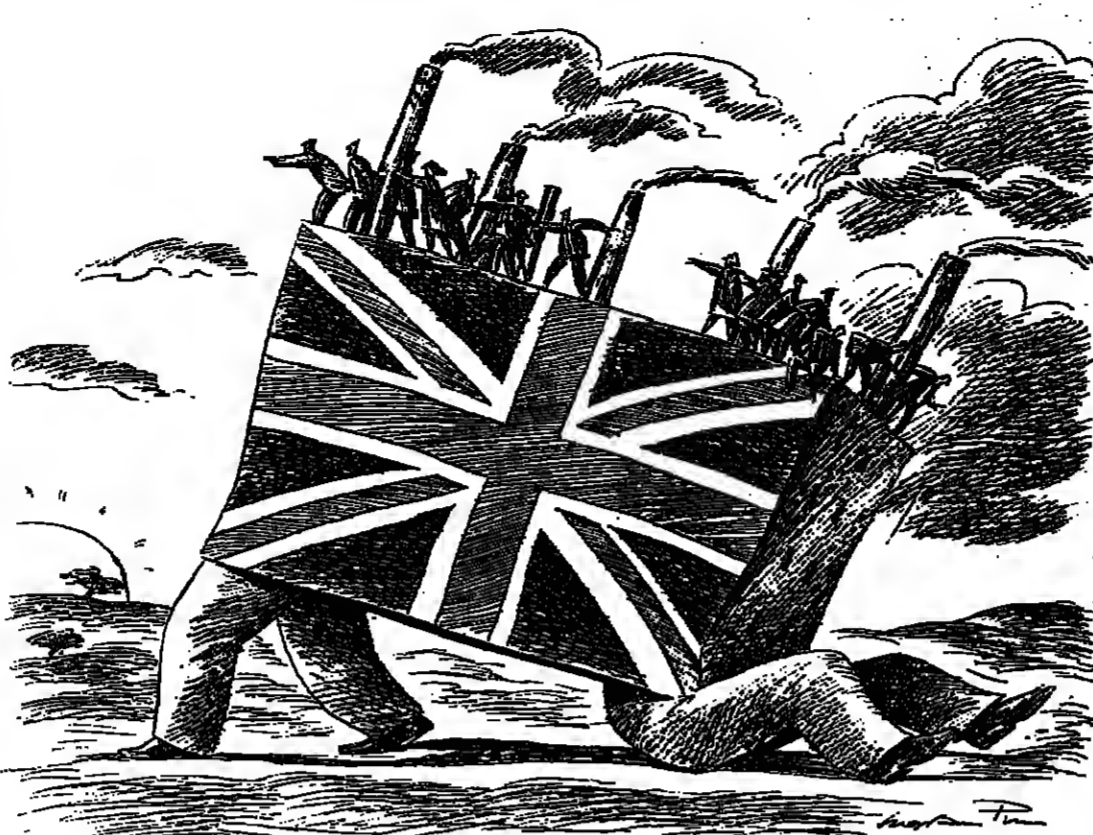
A similar hesitancy is in evidence 60 miles north at Cegelec, the Stoke-on-Trent systems engineer. Once owned by GEC and now by Alcatel Alsthom of France, its business fluctuates with manufacturing investment. It is now beginning - gingerly - to think about planning for growth. But margins are tight, and the competition intense.

"The marketplace is difficult," says John Seed, managing director. "People talk about the end of the recession. But there simply aren't people building whole new greenfield sites looking for multi-million pound investments. Instead, people are investing in refurbishment and one-off purchases."

"They need to be convinced that growth can be sustained, that by making an investment you will sustain growth, not create something that in 1998 will seem like another white elephant."

### Short-termism

Everywhere the pressure for quick returns remains acute. In spite of the Bank of England's best efforts, the spectre of short-termism continues to stalk the land. Over dinner in Birmingham, senior West Midlands industrialists explain their reluctance to make long-term commitments. They complain of skill short-



ages, of pressure on margins and prices from soaring raw material costs, of the next inflation that they fear is just round the corner.

"When I'm making an investment, I would expect a full return in no more than three years," says one. "Nobody trusts the scenario beyond that - on inflation, or finding trained workers, or infrastructure, or anything. Given past experience, who can blame them?"

Such short time horizons can in part be explained by the peculiarities of the market. Businesses remark on the patchiness of demand, and the denuded state of their forward order-books. "What strikes me is the market's volatility," says Robert Davies, owner of City Engineering, a Bristol-based sheet metal fabricator. "Month to month and week to week, it's like a tap turned on and off."

Another universal preoccupation is raw materials. There can be no business in Britain that has not felt the upward pressure on international commodity prices: rubber, aluminium and some plastics up by 100 per cent in a year; steel delivery times as long as 26 weeks.

"It's absolutely frightening," says John Laycock, managing director of

Brandon Hire, an acquisitive west country equipment hire company with a sideline in trading in nuts and bolts. "Last summer there was no problem in getting stocks. Now there are terrific shortages and delivery delays. Bolts went up by 9 per cent in November, another 35 per cent in January, and there's another rise coming in May."

### Encouraging signs

How, then, does this recovery differ from previous turns of the UK post-war economic cycle? Notwithstanding the don'ts, my fortnight yielded some encouraging signs.

One is the number of companies - small businesses included - involved in exporting and squaring up to international competition. The Green Tyre Company of Middlesbrough is an example. So, 30 or so miles north at Sunderland, is Edwin Trisk Systems, a small manufacturer of paint drying machines.

Founded in 1988 with export markets in mind, Trisk now has annual turnover of £8m and sells to 40 countries. Robert Kilby, the managing director, who turned the company round after it ran into trouble in 1992, says he has been helped by

sterling's exit from the European exchange rate mechanism, and by the UK's competitive labour and production costs. But he also believes small companies no longer see selling abroad as any great mystery. "The world has shrunk so much in the last 10 years."

In Newcastle upon Tyne, Metal Spinners, an older fabrication company, bears him out. "Before, we used to export only when people came along and placed an order," says Cliff Blake, managing director. "Now we make exports a definite percentage of our business. We're not scared any longer to jump on a plane and go to Germany."

Exporting is one way for companies to gain protection against the domestic cycle. Another is cost control. Raw material costs must be passed on or offset by cuts elsewhere, by productivity improvements.

"Cost-cutting is no longer a one-off," says Steve Willcox, chief executive of Avon Rubber, a Wiltshire-based tyre and automotive components manufacturer. "We have to continue to find ways of eliminating costs that do not add value to the product," he says. "We have

improvement teams now in all of our factories all the time."

As important, though, is the fact that many UK businesses seem more focused on what they should and should not be doing than they were 10 or even five years ago.

Farly this reflects the shrinkage of conglomerates and the rash of specialised, professionally run management buy-outs spun off from them in the late 1980s. It also reflects "outsourcing" by big companies that realise it can be more cost-effective to buy a service from a smaller specialist provider than to perform the task themselves.

Some of the UK's fastest growing companies are involved in this trend. Colleagues, for example, is a recently floated direct marketing company based in Bath. Started eight years ago, it generated turnover of £36m last year in return for relieving companies of the hassle of organising giant mail shots and direct response campaigns. "Our main competitors are the internal marketing departments of our clients," says James Robson, chairman. "We broaden the range of suppliers available. And because we buy such things as printing services in large volumes, we can do it very cost-effectively."

Companies like Robson's operate by definition on an international scale. Their clients are often big multinational companies looking for long-term relationships with a relatively small number of specialist service providers. They see the UK not as their target but as a strong base from which to serve the single European market.

They are not wholly in favour of the European Union, however. They are terrified of the possibility of higher social costs imposed from Brussels. A large majority of the businessmen I spoke to strongly supported the government's opt-out from the social chapter. It was the only party political point any of them made with any force. Otherwise, most seemed to treat the idea of a Labour government with something approaching equanimity.

Parkside, the Leeds packaging producer, is another company with plans predicated on consolidating close alliances with a group of large multinationals. "Mars, Nestlé, BSN, Coca-Cola - these people are all thinking pan-European," says Geoffrey Stewart, managing director. "To work with them you have to be able to deliver labels to wherever the Coke is being bottled. In time that may mean building manufacturing plants abroad."

Such relationships are vital to

generate confidence to invest. "Our machinery is made for volume. That means forging alliances with manufacturers who pay on time."

The motor components industry is probably the most advanced example of this approach. In their drive to cut costs and gain economies of scale, car manufacturers are simultaneously intensifying their relationships with suppliers and reducing the number of component companies they deal with.

Avon Rubber, mainly a tyre producer 18 years ago, now has 45 per cent of its turnover in vehicle components such as hoses; and is building close partnerships with the companies it supplies. Much of this business is on long-term contracts with built-in volume increases and price reductions, and the customer works with Avon on reducing costs; to some, it happily opens its books to reveal the profit margin it plans to make on their business. "You wouldn't necessarily hand over the credit card on the first date," says Steve Willcox, chief executive. "But we expect our customers to allow us to make a decent return."

Another old-established company investing to increase its share of this business is Wagnon Industrial Holdings of Telford, Shropshire. John Hudson, chief executive, says it entails longer-term thinking than UK industry has frequently been credited with, and detects the influence of foreign investors in Britain at work. "Many of the end users are saying: 'You either work with us on a long-term partnership basis or not at all. As a result, much of our investment writes itself if a company that we are supplying doubles demand, we just have to put in the capacity.'"

Japanese investment, he says, has affected attitudes throughout the UK car industry. "Car companies here used to have three to four suppliers for everything, as an insurance against bad industrial relations. Japanese-style single-supplier partnerships give us greater volume in return for guaranteeing supply."

Hudson is not alone in identifying a change in industrial attitudes, and in attributing it in part to inward investment in Britain over the past decade. "Ten years ago people in the engineering industry were intensely suspicious of foreign investment," says a Birmingham industrialist. "Now these same people pull out their braces with pride and boast that they have a contract to supply Toyota in Burnaston."

If the optimists are to be believed, such confidence could prove infectious. But there will be casualties along the way. And the sceptics are wondering how long the current propitious circumstances can continue, or how many UK companies are investing heavily or cleverly enough to merit the title "world class" in five years' time.

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'time'). Translation may be available for letters written in the main international languages.

### Limits to EU works council agreement

From Mr Emilio Gabaglio.  
Sir, Zygmunt Tyskiewicz of Unice, the pan-European employers' federation (Letters, April 13), in querying elements of Robert Taylor's assessment of the European works council directive, is right to say that the subsidiary requirements of the European works councils directive "need never be applied" if companies conclude an agreement on consulting and informing their entire European workforce. Trade unions across Europe, grouped through their European industry committees, affiliated to the European Trade Union Confederation, have demonstrated their willingness to enter into such negotiations. A growing number of agreements is testament to this.

However, the directive's article 13 does not give carte blanche to validate any arrangement that an employer may have decided upon. It

refers only to agreements which are negotiated between an employee representation body and central management, which provide for transnational information and consultation, and which cover the entire workforce.

If these conditions are not satisfied, the proper step will be for 100 employees (or their representatives) in at least two member states to request the establishment of a special negotiating body (article 5.1). If the employer refuses to co-operate, the legal challenge will be made in the courts of the country where the European headquarters of the company is located.

Presumably, Unice is not claiming that the directive provides for the employer to be judge and jury on this matter? Emilio Gabaglio, general secretary, ETUC, Bld. Emile Jacqmain 155, B-1210 Brussels, Belgium

### A mistaken act of faith

From Mr John Parry.  
Sir, Alan Greene (Letters, April 13) exhorts us to pin our faith to the Commonwealth, where vitality and tolerance rule. Has he been to Nigeria or Sierra Leone recently? I think I would prefer to have a ring fence built around Europe and drive (on the right) to the bank to cash my D-Marks in security rather than try the same trip

to the bank in, say, Benin. As for the pound being pegged to the dollar, Mr Greene will soon be getting DM1 for £1 when he goes to Germany and won't even be able to buy his FT.

Little England or Great Britain? It's no contest is it? John Parry, 1 Chemin de la Batte, 1213 Geneva, Switzerland

### Accounting move should increase confidence in value of hotel shares

From Mr R.N. Chisman.  
Sir, Your Lex column discusses an initiative to improve accounting for hotels in the UK ("UK hotels", April 7). This is a sensible initiative for our industry, but there is one misconception that may require to be corrected. The initiative arose from the recognition by a number of financial directors in the industry that, while the accounts of hotels may be produced within recognised accounting standards, there was a lack of credibility centred on areas like capital expenditure, depreciation, repairs and maintenance, and property valuations.

The problems are largely of perception. For example, at Stakis, we aim to produce reliable accounts and endeavour to explain them comprehensively to the investment community. I believe that the issue has been grasped by Stakis and Forte, which are funding a project to be driven by Pannell Kerr Foster, a leading firm on accounting matters within the hotel industry. A project team has been set up which includes representation from the investment community and auditing practices but not the hotel industry.

Hotel financial directors will be consulted but it was felt important that, given that the aim is to build credibility, it should be clearly seen that the industry is being given guid-

ance and is not making its own rules.

The result of the initiative, due later this year, will offer guidance on recommended practice in these areas of accounting. I have a concern, exacerbated by your article, that it is taken as a foregone conclusion that hotel companies will depreciate their properties as a result of this initiative. The parallel with food retailers was cited.

It is not a foregone conclusion that this will be the case, although it is one possibility. What is important is not that any particular accounting policy be adopted but that the playing field be levelled so that there is clear understanding between the producers of accounts and the users that the recommended practice gives a true and fair view. With adequate transparency of explanation, the investment community will then be able to have greater confidence in its valuations of hotel company shares.

As was mentioned in the Lex article, none of this about hotel shares, but it should remove some uncertainties, and if there are any left, it should expose those companies which have suspect practices.

R.N. Chisman, financial director, Stakis, 3 Atlantic Quay, York Street, Glasgow G2 8JH, UK

### For and against extending Nato to central European countries

From Dr A.H. Hermann.  
Sir, If Ian Davidson is right in his defeatist view ("Nato looks east", April 12), we had all better start buying warm clothing for the Siberian gulags. Davidson suggests that the Russians, in the absence of a US nuclear umbrella, might roll on to the Elbe if central European countries become part of Nato. But surely they will do so even faster if Nato, by not extending to the east, gives them a green light to do so. And in that case, they would not stop there. Their superiority in conventional forces will grow as they absorb

the Polish, Czech, Slovak and Hungarian armies and industries.

Fortunately, the "Little Europe" view Davidson adopts - French model 1995 - is absurdly simplistic. In reality, and in spite of their present rhetorical bombast, the Russians will be glad to have a peaceful frontier in the west, to be able to concentrate on the defence against the Islamic tribes in the south and the Chinese superpower in the far east.

A.H. Hermann, 14 Fairley Road, London NW6 5EL, UK

From Mr Frank Blackaby.  
Sir, Ian Davidson is right to warn us about the dangers of extending Nato membership to states which were once members of the Warsaw pact. It would in all probability wreck the one treaty which sets a limit to Russia's conventional military forces.

The treaty on conventional forces in Europe was a "bloc-to-bloc" treaty. It was designed to provide a kind of balance between Nato and Warsaw pact conventional forces in Europe.

It is obvious that if a number of the old Warsaw pact states

moves explicitly to the other side, so that their military capability is added to that of Nato, Russia would be fully justified in saying that the treaty was no longer valid. What would happen then?

The limits on Russian conventional military capability would be removed. We would be back to competitive rearmament in Europe with a new dividing line. We would have recreated the Russian threat. Is it possible that our politicians could be so silly?

Frank Blackaby, 9 Fentiman Road, London SW8 1LD, UK

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## FINANCIAL TIMES

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Tuesday April 18 1995

# Yen relief must begin at home

For months, the Japanese government has portrayed itself as the victim of the vagaries of the foreign currency markets and the neglectful policies of its western allies, especially the US. That Japan is the country with the most to lose from a failure to curb the yen is not in doubt. But a government that merely gestures at its problems at home can hardly expect those abroad to behave any differently.

By rights, the attempts by the Japanese authorities to convince investors of their desire to see a lower yen should stand a better chance of success than corresponding US efforts. The benign short-term effects of a declining dollar for the US domestic economy mean there is relatively little support for decisive policies to reverse the trend. In Japan, by contrast, the yen's near 22 per cent rise against the dollar since the start of the year is now threatening to send the domestic economy into a tailspin.

Exporters - who complain the loudest - may be able to cope with the effects of the currency's appreciation rather better than they let on. Yet when set against a backdrop of weak consumption, falling asset prices and the Kobe earthquake, further cost-cutting in the traded sector could well mean a fourth year of meagre, or even negative, growth in the Japanese economy this year.

Despite the clear interest in pushing down the yen, neither the Bank of Japan nor the ruling coalition has managed so far to convince investors that it is pre-

pared to do more than talk about it. The central bank released a little last week with a long overdue reduction in the official discount rate. Yet rather than symbolising a decisive shift in economic policy, it mainly served to minimise the damage of further government pusillanimity.

Even at the historically low rate of 1 per cent, Japanese interest rate policy remains little looser, in real terms, than in the US. The real interest rate is probably close to 2 1/2 per cent, compared with a real US federal funds rate of a little over 3 per cent. While doubtless reluctant to lower rates any further, the Bank of Japan ought nonetheless to commit itself to intervening, without limit, against the yen. Yet even this will achieve little until the government acts to boost the economy through public works programmes and, crucially, much faster deregulation.

The long-awaited package of measures to free up the economy announced at the end of last month failed to deliver the second of these: the emergency economic package unveiled by Mr Masayoshi Takemura, the finance minister, offered an equally weak promise of the first. The government says it will speed up implementation of both the five-year deregulation plan and a 10-year, ¥630,000bn public works programme, but has given little indication of how, or when, either will occur. More detail, and more determination, will be required if the Japanese government is to gain the credibility it needs, either among investors or from its allies.

## School strikes

Year after year Britain's National Union of Teachers, the largest teachers' union, brings its profession into disrepute. This year's annual conference at Blackpool has plumbed new depths. A small minority, headed by Mr David Blunkett, shadow education secretary, in a disgraceful fashion. But a majority of delegates may do the cause of education greater harm today by supporting strikes in support of smaller class sizes.

Smaller classes are desirable, but teachers who believe that strikes are an appropriate way to campaign for them deserve outright condemnation. Strikes are also poor strategy, since they can only damage the cause the delegates claim to espouse.

Mr John Major and Mrs Gillian Shephard, education secretary, have all but admitted that the education budget has been squeezed too tightly, and that it can expect to fare better next year. Mrs Shephard has also taken significant steps towards teachers on non-monetary issues such as testing and the curriculum.

Strikes will bitterly divide the teaching profession, plunge state schools into months of chaos, and destroy the united front of parents, teachers and governors that has brought ministers to realise that they cannot continue to expect local education authorities to meet new responsibilities without adequate government funding.

Months of disruption in schools will also push even further into the distance the three other crucial education challenges which

Mrs Shephard must confront. She must implement the government's pledge to introduce nursery provision for all four-year-olds whose parents want it. She needs to tackle the problem of failing secondary schools. And she cannot continue to ignore reform of post-16 student finance.

A report from the Organisation for Economic Co-operation and Development last week highlighted a critical aspect of the funding problem. The UK is close to the OECD average in its education spending as a share of gross domestic product. Yet it is at the bottom of the OECD league in state spending on early childhood education, while spending far more per head on post-16 education than any other EU country.

This is a serious misallocation of resources. Students make no contribution to the cost of their tuition. They can and should do so through some form of "graduate tax". Some form of repayment of this kind would help make state-funded nursery education sustainable. As an immediate priority, Mrs Shephard should invite a range of public and private providers to submit schemes and engage in local pilots.

A small number of secondary schools, mainly in inner-city areas, are chronically failing. Mrs Shephard has been reluctant to use her statutory powers to replace their managers, doubtless for fear of upsetting the teachers' unions. But that is something she will not be able to avoid, however sound her policy.

## Nuclear powers

The US has mustered a formidable army in its effort to win an indefinite extension to the Nuclear Non-Proliferation Treaty. As the month-long conference to debate the future of the NPT opens in New York, the US and other nuclear weapons states seem to have the support of about 100 of the treaty's 170 signatories for the proposal to make the 25-year-old treaty permanent. Non-aligned countries, led by Mexico and Egypt, can only muster 30-40 states in favour of a more limited extension to the treaty. Since only a simple majority of countries is required to decide the issue, the argument would seem to be won.

The weapons states have some powerful arguments to back their position. By the acid test of results, the NPT has been effective in slowing the spread of weapons technology. The US can also argue that progress is now being made towards cutting the bloated US and Russian nuclear arsenals, and that a comprehensive test-ban treaty is finally on its way.

Yet there are still reasons to consider a more limited extension in the treaty. A limited extension arrived at by consensus would give the NPT greater moral authority than a narrow majority for an indefinite term. There are also good arguments for leaving non-weapons states with some sway, and for keeping weapons states' feet to the nuclear fire, perhaps justifiably, that unlimited extension would give weapons states carte blanche to keep their

warheads and ignore further steps towards nuclear disarmament. Knowing they have to face a further test of their good faith might provoke greater efforts.

Limited extension might encourage the nuclear powers to account for their nuclear stockpiles more fully and negotiate a tougher limit on the production of explosive plutonium and enriched uranium. A firm clamp on fissile materials would be one of the most effective ways to prevent nuclear proliferation. Yet only limited talks on banning production of further fissile materials for explosive purposes are planned, and then only once the NPT is renewed.

More needs to be done, not only to prevent more bomb material from being made, but also properly to account for existing stockpiles and bring them under international safeguards. Efforts also need to be made to curb production of reactor grade plutonium, produced by plants such as the 5300 (M400) Thorp plant in the UK, since this can be converted to bombs using modern technology.

A limited 25-year extension might even see some regional disputes resolved, bringing further signatories to the treaty. If a comprehensive Middle East peace settlement were to emerge, for instance, a limited NPT might focus some minds in Washington on the need for Israel to join the non-proliferation club. An NPT growing in authority towards a further review would be better than a fixed treaty which was losing its power.

Until a few days ago, Chasha House, a cafe in Tokyo's Ginza shopping district, priced a cup of coffee at the yen equivalent of a dollar, whatever the exchange rate.

It could just about make a profit when the dollar first fell to less than ¥100 last June. But when the US currency and Chasha's price touched a record low of nearly ¥80 last week, the coffee shop was unable to bear the losses any longer. Now it charges a fixed ¥100.

Chasha's predicament captures the mood of Japan's economy. There is a growing sense, from bars to boardrooms, that the yen's relentless rise - by nearly 22 per cent so far this year - hurts much more than it did previous spikes in the past 25 years.

It might, say pessimists, bring a premature end to an already weak economic upturn, by squeezing export earnings and helping, indirectly, to push down domestic prices. Even before the yen's recent advance, the recovery looked wobbly, with a 0.9 per cent decline in gross domestic product from the third to the fourth quarter of last year, leaving growth for the whole of 1994 at only 0.6 per cent.

Economists in Tokyo, even optimistic ones, have been downgrading 1995 Japanese economic growth forecasts in recent weeks. The range goes from Salomon Brothers Asia, forecasting a mere 0.2 per cent rise in GDP, through a market average of 1.8 per cent, to the government's Economic Planning Agency, with a 2.8 per cent forecast. Even the agency, well known for unbelievable optimism, admits that its target has been "blurred" by the yen's rise.

Last Friday's government package, proposing an unspecified increase in public spending and promising further economic deregulation, has only deepened the malaise. Japan's continued political turmoil ensured that the plan was so weak and devoid of detail that Mr Yasuo Matsuoka, governor of the Bank of Japan, had to apply, probably sooner than he would have liked, his ultimate weapon: a 0.75 percentage point cut in the discount rate to a record low of 1 per cent. Even then, the yen hardly budged and Japanese equity prices fell, recovering a fraction yesterday.

In the longer term, the yen's strength might be beneficial, in forcing deep structural changes in Japan's economy by increasing the pressure on protected sectors, such as financial services, to cut costs.

But during that transitional process, the survival of parts of Japanese industry is threatened, as Mr Shoichiro Toyota, chairman of the Keidanren economic federation, warned recently. Large companies, like his own Toyota carmaker, sim-

# Driven by a force beyond its control

Government measures to stimulate Japan's economy have only deepened the malaise, says William Dawkins

ply squeeze an extra layer out of their costs and hedge currency exposures at a new rate with each round of the yen's rise. Smaller companies, however, cannot do this, as underlined by more than 1,400 collapses last month, a nine-year high, according to Tokoku Data-bank, a credit research agency.

The yen's rise threatens Japan's economic poise now more than ever because it comes on top of a problem unknown in postwar Japan until the 1990s: deflation. Asset prices, both of property and equities, have been falling since the collapse of the economic bubble five years ago, exerting an increasing drag on the rest of the economy.

The asset price decline is partly a reflection of the fact that values were indeed too high and, in the case of property, still are. But it also reflects financial institutions' investment caution. Commercial banks are reluctant to repeat past mistakes, while industrial clients are reluctant to borrow, causing private sector bank lending to fall, for the first time ever, last July. It has been declining ever since.

Financial institutions' appetite to invest in anything other than yen has been reduced further by the currency's renewed rise. They themselves have contributed to the yen's strength over the past year by selling dollar assets for yen.

In this way, the institutions have reduced exchange rate risk and, incidentally, stayed safely out of the Tokyo stock market. Their reluctance to buy shares has contributed to the market's nearly 20 per cent decline since the turn of the year, thus limiting banks' ability to use share sales to help them write off bad debts and clear their balance sheets for more lending.

A credit squeeze helps to depress asset prices, feeding through eventually to a fall in consumer prices. When prices fall, debt becomes expensive in real terms, which is why few observers believe that the Bank of Japan's rate cut will encourage industrial companies to borrow more.

The high yen-related surge in cheap imports of manufactured goods, by 21.2 per cent in dollar terms last year, accelerates that underlying consumer price fall.



Currency trials: Yasuo Matsuoka (top left) used his ultimate weapon, but Prime Minister Matsuoka still looks powerless to stimulate the economy

That might be a treat for Chasha House's customers, but not for the cafe's profits or for those of many other companies.

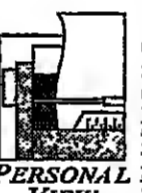
The fear is that a fall in prices feeds through to wages, so depressing prices further, an uncontrollable deflationary spiral. "The vicious spiral of the yen is likely to drag the economy into a tailspin," argues Mr Robert Feldman, director of economic research at Salomon Brothers Asia.

It is an alarming scenario - and not everyone in Tokyo shares Salomon Brothers' trepidation. Yet

enough of the elements are in place for most observers to agree that deflation, worsened by the high yen, has become a real problem.

Asset price deflation is certainly there, in the form of a 10 per cent fall in property prices last year, the fourth annual decline running. Consumer price deflation is nearly there. Inflation is officially just under 1 per cent. The official figures do not include discount stores, the fastest growing sector of retailing, so most analysts believe that con-

# How to attract foreign direct investment



PERSONAL VIEW

A revolution has occurred in capital flows to developing countries. Not only have the amounts involved exploded, but virtually all the increase has been in private investment, with foreign direct investment becoming the most important form in which development resources are flowing to the developing world.

Foreign direct investment in developing nations increased from about \$10bn a year (in 1983 prices) during the 1980s to \$65bn in 1993 and \$74bn in 1994. These figures compare with aid flows in 1993 of \$52bn and commercial lending of just \$1bn. Foreign direct investment is now more in real terms than total capital flows to developing countries in any year before 1990.

Whereas portfolio investment from financial investors is expensive to attract and dangerously volatile (as seen recently in Mexico), direct investment is not volatile. It comes from multinational corporations which also bring management, technology, and access to

export markets to the developing countries in which they invest.

Most of these countries are vying for more such investment. But how much more can the flow expand?

The \$200bn of foreign direct investment worldwide in 1993 still represented only about 5 per cent of total gross savings in the developed countries, which suggests that considerable expansion is possible.

However, those in the business of attracting foreign direct investment feel that it is extremely competitive. Governments of developing countries often fear that increases in such investment to one country are at the expense of others. When central and eastern Europe abandoned communism, many feared that these reforming countries might divert direct investment away from developing nations.

These worries appear to be baseless. A recent investigation by the Foreign Investment Advisory Service (a department of the International Finance Corporation and the World Bank) into how the strategies of foreign investors were affected by the opening of Europe's formerly communist economies concluded

there was little or no competition for foreign direct investment between central and eastern Europe and the developing world.

Hardly any of the companies surveyed that had invested in central and eastern Europe had seriously considered other regions. An exception was the clothing sector, where low labour costs are important and where there was competition with Mediterranean rim countries. It is

also worth pointing out that more than half of foreign direct investment in central and eastern Europe has been to buy companies that were being privatised. As privatisation opportunities are exhausted, there may be more competition for investment between regions.

In fact, the lion's share of the explosion in foreign direct investment in the third world has gone to Asian and Latin American countries, led by China, Argentina, Mexico and Malaysia. China alone receives more than three times the amount going to all central and east European countries combined.

We draw two important conclusions from all of this:

● First, foreign direct investment in developing countries is not limited by availability of capital. Rather, it responds to good opportunities; if there are more opportunities, there will be more direct investment. It is not a zero-sum game. The bulk of direct investment attracted to a country that improves its investment environment is not being diverted from other countries. The main exception is low-technology, labour-intensive, light manufacturing.

● Second, developing countries that want more direct investment should not worry about how much other countries are getting. Instead, they should put their own houses in order. Decent government, stable and sensible economic policies, a convertible currency, avoidance of excessive restrictions and regula-

tions and a legal system that works are what governments must provide to attract foreign direct investment - and also to keep their own citizens' capital inside the country. Effective education and training are also important.

Of course, large markets are more attractive to multinational corporations than small ones, and willing workers are more attractive than revolutionaries. Even with perfect policies, some countries may not attract large amounts of foreign investment. But the supply of foreign direct investment is inexhaustible. It will come if an attractive environment in which to do business exists.

Joel Bergsman and Sanjaya Lall

Bergsman is with the Foreign Investment Advisory Service. Lall teaches development economics at Oxford University. Important contributions also from Robert Bates, Lawrence Franko, Charles-Albert Michalel and Tomoko Taira

## Wily Rupert's rugby game

How Machiavellian is Rupert Murdoch? Beyond his scheme to buy an entire sport - rugby league - so as to further his pay-TV ambitions in both hemispheres, has he ambitions to shake the foundations of sporting culture?

A key requirement of Murdoch's rugby plan is that the European rugby Super League plays in the northern hemisphere in the summer, rather than the winter. One of the 14 proposed Euro Super League clubs, London Broncos - an offshoot of Australia's Brisbane Broncos - wants to use a stadium holding at least 30,000 spectators.

The UK Broncos currently play second division fare, usually attracting fewer than 1,000 spectators. But switching to summer rugby, plus top-line opponents and improved marketing, will attract bigger crowds, thinks Barry Marantz, chairman of the club. Marantz is also a director of the Brisbane club, where crowds have soared from 3,000 per game to 44,000 in seven years.

Marantz reckons "supporters will be drawn mainly from followers of British winter football, interested in the new summer competition, along with many of the 200,000 or so Australians and New Zealanders in the UK".

Fine. But where does that leave cricket? Just like baseball, cricket

hardly seems designed for the gladiatorial marketplace of early 21st century pay-TV. Unless, that is, the wily Murdoch wants to buy world cricket as a winter and make them play on ice. Now that would be an improvement.

## Monti beware

Mario Monti, the Italian commissioner in Brussels, does much to destroy national stereotypes. The respectable former rector of Milan's prestigious Bocconi university in Milan is as far removed from the seamy world of the Mafia as Sir Leon Brittan is from football hooligans. Hence his officials were alarmed to find on sale in the Brussels branch of W.H. Smith a book entitled: *Murdering Mr Monti* - "a merry little tale of sex and violence".

## Ken's doodlebug

Serious paper, The European. One of its hacks attending last week's meeting of the European Bank for Reconstruction and Development got hold of the EBRD notepad of Kenneth Clarke, Britain's restless chancellor of the exchequer. It was filled with nothing but a profile of a man's face set against a dark background. A secret admirer, perhaps? The paper called in Professor Michael Levi, a business psychologist at the

University of Wales. Levi suggested that the "skilful drawing" showed "a logical mind focused on the task at hand, making himself difficult to read from outside - and that's every inch a chancellor".

Chris Duggan, The European's political cartoonist, was more helpful. "It's a rather sad face - it seems to capture the despair of someone who would prefer to be somewhere else," says Duggan.

## Last resort

California's need population could be about to swell. San Francisco's police have tried offering cash for guns, groceries for guns, and concert tickets for guns. Now they are trying a cyberswap. They will hand out used computers to anyone turning in a working handgun - and no questions asked. The programme starts on April 22, in honour of Earth Day, a police captain said. His department has hundreds of donated IBM systems with software loaded on them; some also have modems. The Black Chamber of Commerce of San Francisco will provide free training.

## On the rebound

What makes a bright young British businesswoman throw in a promising financial career to run a tiny Marxist publishing company with a turnover of £2m a year and a history of political infighting?

Lucy Heller, 36, has worked around the world with Bankers Trust and Manufacturers Hanover and was made treasurer of Booker at an incredibly young age. But she has quit the corporate rat race to become executive chairman of Verso, the book publishing arm of the New Left Review.

Heller, sister of The Independent's Zoe Heller and daughter of the late Lukas Heller, scriptwriter of *The Dirty Dozen* et al, has big ambitions for her new venture. She wants to recapitalise it and take it into the mainstream of British publishing.

She is the token woman on the new Commission on Public Policy and British Business, launched by the left-of-centre Institute of Public Policy Research, but stresses that she is not member of Britain's Labour party. She insists that she has given up big business because she wanted a "bit of fun".

Another sign that breaking through the glass ceiling is proving to be tougher than expected?

## Hole in one

The chairman of a US money centre bank was discussing the aftermath of the Barings crisis with the governor of the Federal Reserve. "What would you do if my bank got into the same sort of trouble?" asked the banker. "Discuss the matter with your successor," replied the central banker.

sumer prices may actually be falling. So they should be, given that wholesale prices fell last year by an estimated 1.8 per cent.

Wage deflation is not yet there, but the omens are poor. This year's wage round is likely to produce an average increase of 2.5 per cent, the lowest ever. Overtime and bonuses, which make up roughly half total pay, are also under pressure.

That makes for a gloomy outlook for private consumption, which accounts for nearly 60 per cent of the economy.

Japanese consumers led the beginnings of a recovery this time last year, unusual for an economy accustomed to export-led upturns. Consumers increased spending sharply during the summer, but snapped their wallets shut again, for reasons hard to explain, in the final three months of the year. Nobody expects private spending to collapse. Rather, the consensus is that it will be weak, rising this year at about the same rate as last year, 2.3 per cent.

The difference is that, this year, there will be no accompanying rise in public spending, as there was during the recession. The government has exhausted most of its previous public works plans and has only suggested, not specified, any new spending in its latest offering.

Only moderate help can be expected from industrial investment, the second largest slice of the economy after private consumption. It has been falling for four years running, and is expected to recover only by about 1.9 per cent this year, according to a survey of Japanese economists by Consensus Economics.

Moreover, a growing share of that investment is going abroad, to cheaper and faster growing east Asian economies, a process likely to be accelerated by the yen's rise.

All this is happening at a time when the government of Mr Tomichi Murayama appears powerless to stimulate the economy. The current coalition of socialists and conservatives, at nine and a half months, is less shaky than its two predecessors. But its partners are so divided that the financial markets have given up hope that they will deliver the two things needed to support the recovery: another hefty rise in public spending and economic deregulation radical enough to make an impact on the current account surplus, the root of the yen's strength.

Until those things happen, the Japanese economy is the victim of a force beyond its government's control, the currency markets. If economic policy continues to flounder, as is likely, the markets may assume that the surplus will stay high, and keep up the pressure.

## Financial Times

### 100 years ago

Skeleton in the Grand Trunk There is good promise of a magnificent fight at the approaching meeting of the Grand Trunk Railway Company. The Committee which has thrown down the gauntlet to the existing management is active and influential. The first thing to do is to get rid of the present management, and we cannot too strongly urge upon the stockholders the necessity, if they wish to raise their property out of the mire, of giving their cordial support and their proxies to the Committee. A correspondent wrote to us yesterday as follows: "I hold 27,000 Grand Trunk Railway shares, and have done so for the past fifteen years; would you advise my selling them at the present price or holding them until the new management paper the wall of my home with them to show the children the folly of my youth?"

### 50 years ago

India trade mission The private Indian trading mission including leading industrialists is expected to arrive in the United States soon. Among those coming are Mr J.R.D. Tata, chairman of the Tata Iron and Steel Company.

## Palestinian police's torn loyalties

Force recruits face dilemma in crackdown on militants, Eric Silver reports from Gaza City

Private Ahmed is 24 and sports the stubble of a young Yasser Arafat. He jogs in the shade of a half-finished, raw-concrete building, guarding the northern end of the seaford road where the chairman of the Palestine Liberation Organisation has his Gaza headquarters.

He and another new recruit, both in the khaki fatigues and red berets of the paramilitary National Security Police, are two of the 15,000 Palestinian officers who have led the crackdown on Islamic militants in Gaza. In the week since suicide bombings killed seven Israeli soldiers and a student, about 300 suspected militants have been arrested.

"In the past we were all struggling together for our freedom," explains Private Ahmed, who declines to give his surname. "But once they carry out operations inside Gaza we have to try to stop them. It's difficult, though, to arrest your friend, your brother, your neighbour."

Ahmed and his partner, who have one Kalashnikov assault rifle between them, are glad to talk. It breaks the monotony. They complain the suicide bombers have put them under pressure. If the bombers had kept their operations inside Israel, they say, that would have been the Israelis' problem. Now, the radical Hamas and Islamic Jihad groups have turned the issue into a Palestinian responsibility and dilemma.

Differences have emerged between the young police officers, who have always lived under occupation, and the older professionals, who returned from exile last summer. For the locals, loyalties are personal, orders are subject to conscience. For the veterans, discipline is paramount.

Private Ahmed says he has a cousin in Hamas, whose brother was killed, he claims, by the Israelis during the seven-year intifada uprising. Last week, the police arrested his cousin. What would he have done if he had been sent to pick him up?

"I'd try to get out of it," Ahmed replies. "If my commander insisted in sending me, I would go, but I would try to avoid contact. I would try to see that the other police treated him with respect."

And if his cousin resisted, and Ahmed was ordered to open fire? "I wouldn't shoot my cousin. If they tried to make me, I would resign from the force."

What about the risk of civil war, Palestinian against Palestinian? Ahmed doesn't think it's possible. "In every family," he says, "you have one brother in Hamas, one brother in Fatah, one brother in the Popular Front. People are not going to kill their own brothers."

Like most of the rank and file, Private Ahmed is a graduate of the intifada, and a supporter of Arafat's mainstream Fatah organisation. After growing up in Khan Yunis refugee camp, he trained as a teacher, but went immediately from college into an Israeli jail for resisting the occupation.

Most of his officers, by contrast, are veteran soldiers. Men like Captain Faez Mamouk, who spent 15 years under Mr Arafat's command in Beirut and now, aged 44, serves in the elite Presidential Security Police.

Mamouk fought against the 1982 Israeli invasion of Lebanon and returned to Gaza with Mr Arafat. He is first and foremost a soldier. "I receive orders," he says, "and I obey. I would even arrest my own brother. An army is an army. I'd try to avoid violence, but if talking failed, I wouldn't hesitate to use force."

## China sees fall in foreign contracts

By Tony Walker in Beijing

Newly contracted foreign investment in China dropped sharply in 1994 after the hectic pace of the two preceding boom years. But actual utilised investment was well up on the previous year.

The State Statistical Bureau reported that foreign investors pledged new investment of \$82.6bn in 1994, a drop of 25.8 per cent on the year before. Numbers of new projects were down by 43 per cent to 47,549.

Utilised investment reached \$33.5bn last year compared with \$25.8bn in 1993, a 30 per cent increase. By mid-1995, foreign direct investment in China is expected to reach \$100bn. The slowdown in new investment in 1994 was anticipated after the boom years of 1992 and 1993, but the fall-off in both the number of new contracts and in total pledged investment reflects a lessening of investor enthusiasm. The statistical bureau also

expected to reach \$100bn. The slowdown in new investment in 1994 was anticipated after the boom years of 1992 and 1993, but the fall-off in both the number of new contracts and in total pledged investment reflects a lessening of investor enthusiasm. The statistical bureau also

reported a "noticeable shift" towards infrastructure projects in the 1994 investment figures. Investment in such areas as telecommunications was up by more than 30 per cent on the previous year. Foreign investment in real estate was down sharply last

year as a percentage of new contracts. Such investment fell to 28.9 per cent of the total in 1994 compared with 39.3 per cent in 1993.

This drop partly reflected a credit squeeze instituted in mid-1993 which sought to redirect funds to infrastructure and away from real estate projects in coastal areas. While the numbers of newly-contracted projects were well down last year, the size of projects themselves rose from an average \$1.3m to \$1.7m. The statistical bureau also reported a "marked change" in the regional use of foreign funds.

It said more foreign investment was being directed to inland areas and to central and western parts of the country.

China is planning soon to unveil new investment guidelines aimed at channelling foreign capital into priority areas such as infrastructure and to its disadvantaged hinterland.

Beijing plans to phase out tax incentives for certain categories of investment, such as basic-processing industries, which it regards as wasteful.

Thousands of these enterprises which produce consumer items for the world market have been established in coastal areas.

## UK watchdog stirs up a row over reform of regulation

By Robert Corzine and David Lascelles, in London

Ms Clare Spottiswoode, the UK's gas industry regulator, has angered fellow utility regulators by floating ideas to reform the regulatory system which they believe could undermine their independence.

Ms Spottiswoode recently circulated a paper to regulators of the telecommunications, electricity and water industries containing ideas on how they might be made more accountable for decisions they take.

She says she has not espoused the ideas, but is circulating them to promote discussion and debate. Mr Tim Eggar, UK energy and industry minister, is due to convene a meeting soon with regulators to discuss ways the system might be improved.

The most radical of Ms Spottiswoode's ideas would allow the government to call for independent investigations into regulatory decisions that prove especially controversial, or that later appear to have treated a regulated company too lightly.

Another would give a parliamentary select committee power to review certain types of regulatory decisions, and give committee members access to commercially confidential information.

A third suggests the appointment of high-level, non-executive advisers to individual regulators. The advisers would be recruited from the senior ranks of business, industry and the civil service, and would advise on difficult decisions before they are taken.

The debate on regulatory reform has been fuelled by growing political controversy surrounding the privatised gas, electricity and water companies. Some regulators worry that the government might try to dictate changes to the regulatory regime without consulting the regulators, or that a future Labour government could make the regulatory regime overtly political.

Other regulators declined to comment on these ideas. But the first has caused considerable concern because of fears that it would allow the government to question the decisions of regulators, weakening their independence. At present, regulators operate within a statutory framework which protects them from political interference.

The other ideas have caused bewilderment because they propose remedies which already exist. Parliamentary select committees do review the work of the regulators, and could expand this role. The regulators also have the right to appoint outside advisers.

Gas regulator turns up heat on rules debate, Page 10

## Cyclicals' second wind

THE LEX COLUMN

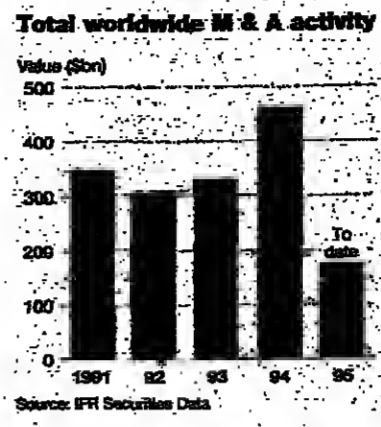
Even if Mr Kirk Kerkorian's proposed offer for Chrysler fails to flush out another bidder, it will nonetheless prove significant. His \$23bn putative bid has highlighted the extraordinary decline in the valuations of certain cyclical stocks. The US automotive sector has, for example, underperformed the market by 25 per cent since its peak in February last year. The explanation for the decline in automotive shares has been the switch out of cyclical stocks into defensive companies such as pharmaceuticals. Investors remember the horrific position in which many cyclical companies found themselves during the early 1990s and have sold their shares in anticipation of the next downturn.

However, the next downturn may be less gruesome than the last. The extensive industrial restructuring during the last recession suggests corporate America should suffer less next time round. Moreover, if the Federal Reserve manages to pull off the trick of a soft economic landing, the next downturn may prove to be further off than most expect. In that case, cyclical groups, which have already restructured their balance sheets and generated substantial quantities of cash, will generate still more. That would suggest the markets have badly misjudged the valuation of such companies. If Mr Kerkorian's move achieves nothing else, it should provide a second impetus to US industrial stock prices by raising such issues.

Mr Kerkorian's proposals do not signify a return to financially-driven 1980s-style raids. True, some of the conditions for their revival exist. Banks could be tempted to fund such deals because they are flush with cash and finding it difficult to increase their loan books. And US interest rates are clearly near their peak, meaning leveraged buy-outs funded by loans will benefit from falling interest rates.

But banks, particularly in the US, are demonstrating greater self-discipline this time round. They need little reminder that the performance of leveraged buy-outs has proved decidedly spotty. Moreover, changes in tax law and more stringent rules on acquisition accounting may hinder, if not preclude, the especially highly leveraged deals of the past.

The likely absence of corporate raiders does not mean that mergers and acquisitions activity is set to stagnate. Indeed, it looks set to increase. The rationale for such deals is likely to be industrial rather than wholly financial.



cial. Boardrooms are increasingly concerned to redefine core operations, dispose of peripheral businesses, and consolidate market position in their chosen sectors, particularly through geographical expansion. Sandoz's decision to dispose of its chemical businesses was only the latest example of refocusing. Cadbury Schweppes's acquisition of Dr Pepper demonstrated geographical expansion.

Although recent currency turmoil will not in itself trigger deals, it will undoubtedly give the M&A market further impetus. The decline of the dollar has made US assets especially cheap for companies in Germany and Switzerland. If the currency markets trigger an industrial response, it would give a further push to parochial Wall Street valuations.

**UK construction**

The UK construction industry no longer offers the classic benefits of cyclical activity. This time, economic recovery has not spelt an end to high real interest rates, low inflation and low volume growth. As a result, after racing ahead in 1993, on expectations that profits would catch up the following year, construction share prices have dropped sharply. Current valuations are more realistic as a result. Price-earnings ratios have dropped dramatically from a peak of about 16 times at the beginning of last year. Construction stocks are now trading at a 17 per cent discount to the rest of the market, on 1994 forecasts.

But this may not be a sufficient discount, even though some of the industry's problems, such as the scaling back of the government's roads programme, have already been factored in. Contractors still have too much capacity and too little capital. House-

builders will have to cope with the housing starts and higher land prices in the UK this year. They are likely to suffer a cash outflow this year as they try to restock their land banks, which may come under pressure as margins may come under pressure as they struggle to meet volume targets. Another rise in interest rates could prompt further discounting of the sector.

Taken as a group, managers of construction companies have a poor record, tending to make ill-advised acquisitions in good times and failing to cut capacity in bad. The disappearance of the boom-bust cycle reduces the scope for reward, as well as risk. The answer is careful stock-picking.

**The yen**

The cut in Japan's official discount rate has had little effect on the value of the yen. That is unsurprising. Widening the differential on yen and dollar-denominated assets was never going to lead to an immediate rush for dollars. If the dollar is still capable of falling, say, 5 per cent in a week then an official discount rate of minus 50 per cent would still fail to make the yen unattractive. The cut was always going to be part of a longer game plan.

A curious and circular feature of that game is that investors will only begin buying dollars when they are convinced that it has stopped falling. But the underlying reason for the yen's appreciation - the structural current account surplus - has yet to be addressed fully. True, last week's rate cut should help somewhat if it succeeds in boosting domestic demand. But much more was expected from the government's package to restructure the economy. On virtually every count, this failed to boost the economy and to reduce import barriers.

The yen's plight would be grave enough without a further worrying problem - deflation. The prices of stocks and land have been falling for years, making such assets highly unattractive. Worse, the Japanese have not been investing overseas because the yen's rise creates de facto deflation in the value of non-yen denominated assets. Their only reasonable alternative is yen or Japanese bonds.

Until deflation ends - and that looks to be some way off - they are unlikely to look elsewhere. The rate cut may be a step in the right direction, but it is unlikely to change current Japanese investment priorities.

**FT WEATHER GUIDE**

**Europe today**

A small but active low pressure area which moved over England last night will cross the North Sea on its way to Denmark. As a result, rain and wind will move away from southern England into the Low Countries, northern France and Germany. North-west Britain will clear briefly, but winds veering north will soon bring cool, unstable air and widespread showers, sometimes with hail or thunder. Another low pressure system will separate warm air in eastern Russia from cooler air in central Europe. Western Russia and the Ukraine will have rain. Portugal and Spain will be very sunny with temperatures above 25C. Italy will improve greatly after the blizzard that struck central and southern regions on Easter Sunday.

**Five-day forecast**

Cool and unstable air will remain over the British Isles and north-west Europe. However, the northerly flow will decrease, leaving these regions moderately fair with only a few isolated showers. Meanwhile, central Europe and the Alps will have more rain. The summery conditions in Spain will give way to northerly breezes with rain in the north.

**TODAY'S TEMPERATURES**

Location	Temp (C)	Location	Temp (C)	Location	Temp (C)
Abu Dhabi	34	Beijing	20	Casaca	29
Accra	34	Belfast	19	Cardiff	18
Algiers	21	Berlin	19	Casablanca	23
Amsterdam	19	Bombay	31	Chicago	18
Athens	18	Brussels	10	Cologne	18
Atlanta	10	Budapest	18	Dallas	25
B. Aires	24	Chagan	18	Dubai	37
Baham	10	Cairo	23	Edinburgh	8
Bangkok	36	Cape Town	23	Faro	22
Berodona	19	Frankfurt	18	Geneva	18
		Glasgow	18	Hamburg	18
		Helsinki	18	Harbin	12
		Hong Kong	29	Heidelberg	18
		London	18	Los Angeles	23
		Luxembourg	18	Madrid	25
		Lyon	18	Manchester	18
		Madrid	25	Maracaibo	28
		Moscow	11	Mexico City	27
		Munich	18	Miami	28
		Nairobi	25	Montreal	18
		Nassau	25	Moscow	11
		New York	18	Munich	18
		Nice	25	Nairobi	25
		Nicosia	25	Nassau	25
		Oslo	10	New York	18
		Paris	18	Nice	25
		Perth	18	Nicosia	25
		Prague	18	Oslo	10
		Rangoon	38	Paris	18
		Reykjavik	25	Perth	18
		Rio	18	Prague	18
		Rome	17	Rangoon	38
		S. Frisco	13	Reykjavik	25
		Seoul	18	Rio	18
		Singapore	32	Rome	17
		Stockholm	18	S. Frisco	13
		Strasbourg	17	Seoul	18
		Sydney	23	Singapore	32
		Taipei	23	Stockholm	18
		Taipei	23	Strasbourg	17
		Tokyo	18	Sydney	23
		Toronto	13	Taipei	23
		Vancouver	12	Tokyo	18
		Venice	17	Toronto	13
		Warsaw	17	Vancouver	12
		Washington	12	Venice	17
		Wellington	12	Warsaw	17
		Winnipeg	12	Washington	12
		Zurich	15	Wellington	12

Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

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## Number 8



As world economies converge, governments are trying to establish a international policy framework for foreign direct investment, writes **Guy de Jonquieres**


Much will depend on how, in practice, governments balance their desire for international policy harmony (or for export and development) against their desire to give the go-ahead for negotiations intended to create, for the first time, a real, viable, and effective international policy framework for foreign investment and trade.

It is still unclear whether the Clinton administration will be able politically to require changes in state rules or to persuade Congress to endorse any agreement.

The ECI has also urged the US by insisting that it reclaim the right to liberate the Internet faster and further than required by any DEDD agreement, but without being obliged to extend the benefits to third countries.

Much of the impetus for the planned negotiations has come from Washington, which sees them as complementing its drive to open up European markets to US exporters. The US and most other industrialised countries believe that even though the OECD is a rich man's club, more countries

Of course, unimpaired standards for foreign investors need to be clearly distinguished from these—such as certain types of subsidies to export-oriented activities—which result from capital structures, rather than from cultural attitudes in different countries. Any effort to produce a uniform global playing field could soon



Counterfeiting is big business. It now represents 5 per cent of total world trade. The European Commission estimates that 100,000 jobs were lost in Europe alone in 1989 as a direct

sales, but not enough to make it obvious that the product is not what it seems.

In one case involving the sale of a well-known brand of jeans, the fact that the seller had paid only a pound or two less for the counterfeits than they would have done for the "real thing" was a deciding factor when the court came to decide

Continued from page 23

Although most cover applications have been for power projects, Miga has also facilitated the implementation of major export-oriented projects, including one of the largest foreign investments in Pakistan. The \$100-million, 1,000-Mw Kohli Thermal Power Station, owned and operated by the US's Newmont Mining Corporation's stake in the Sindh Zarai-Iqbal-Nawmut Joint Venture open-pit gold mine. This project has obtained support from other multilateral institutions, opening the way for commercial financing

The agency is also active in the emerging markets of eastern and central Europe, and in the more problematic markets of the former Soviet Union. In Uzbekistan, \$60m in MIGA guarantees

Exporters may also be the beneficiaries of MIGA's export-guarantee activities. The agency furnishes a variety of technical assistance services to member countries to help them develop export-oriented industries, including policy advisory services to improve investment regimes and help with the legal aspects of investment. For example, as *Associate Editor of International Trade Finance*, a bi-monthly *Financial Times* newsletter.

Last year's tariff agreement went some way towards flattening the cliffs of significant tariff reductions in a number of categories even if that agreement favors countries many years to bring their industrial property laws into line.

"Trading standards officers are becoming ever more confused in terms of resources but their continued to have a keen desire to

This outgoing European customs commissioner, Christopher Scriver, one of the mucksters of the new rules, stresses that they "complement" the joint efforts of both member states and customs officials for the destruction of counterfeit goods.

Counterfeit goods. Provisions have been made for the destruction of counterfeit goods.

The small Scottish company impressed the judges last year by the way in which exporting was a fundamental element in its business strategy. The company, which initially produced horse blankets, makes heavy duty protective clothing designed for anyone who

"The country is in an export-led recovery and small firms are playing a full part. One in five of last year's entrants doubled the value of their exports over the previous year," trade minister Neelamkavil says, announcing this year's scheme.

Small firms can only have the ability and willingness to invest in overseas markets that the straggler states have, that they need to expand overseas as well as at home."

Source: London Business School.

# The business world agrees to differ

Smaller companies are more positive about cutting currency transaction costs than their bigger brethren, says Gillian Tett

Mr. Melville-Boss, the director general of the Institute of Directors, does not mince his words. "Other than going to war, no decision could be more important," he noted recently when asked whether British should join a European single currency.

His comments may seem unhelpfully negative, but as the debate about European Monetary Union (EMU) proceeds, it is already stirring up a type of battle never ending Britain's exporters.

For though there still seems little likelihood of EMU, the arguments about the implications of a possible single currency are gathering almost as diverse a range of opinions in the British business world as in Westminster itself.

On one side of the debate stand commentators, such as Richard Brown, director general of the Association of British Chambers of Commerce (ABCC), who insist that British exporters would lose out if they were left outside a single currency area dominated by Germany and France.

There is no doubt that the majority of British exporters would support a single currency. It would cut down export costs and make it a step closer towards a real single market, he says.

However, on the other side stands Mr. Melville-Boss. Single currency cannot be made to work in Europe in the foreseeable future, he argues, insisting that the EMU could have harmful economic implications for the broader British economy.

In my view a single currency cannot be made to work in Europe in the foreseeable future, he argues, insisting that the EMU could have harmful economic implications for the broader British economy.

Outside the headline opinion among businesses is, highly mixed, about the advantages and disadvantages of joining. The ABCC itself estimates that half its members support a currency union, while the other half do not.

A recent CBI survey gave a rather stronger endorsement to the concept, with a quarter of businesses supporting it. It also noted that the UK should remain outside any monetary union.

But as an official with one of the leading industrial groups within "Every time we raise the subject with our members at a council meeting we end up with an argument - it is stirring up real feeling."

To a certain extent, the split within business opinion reflects the fact that British exporters are far from a homogeneous group.

One dividing factor is size. The concept of eliminating the cost of currency transactions for trade within the European Union, for example - a factor which is often cited as one of the potential advantages of EMU - tends to be much more attractive to smaller companies.

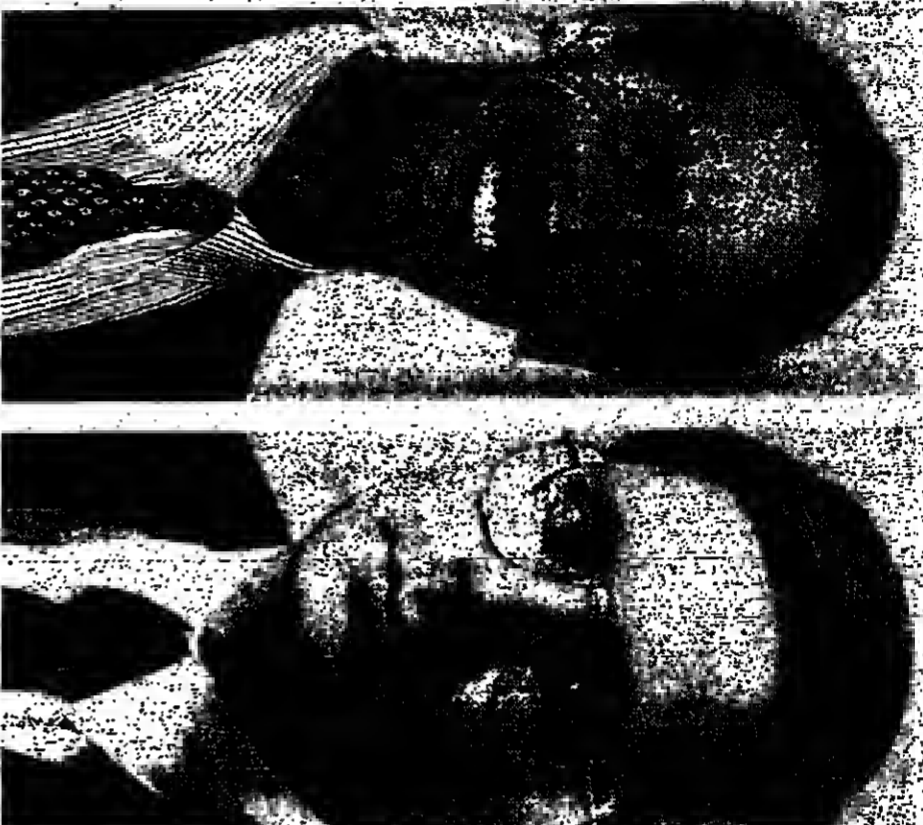
Overall, the European Commission itself estimates the savings in currency transaction costs could amount to about 0.25 per cent of gross domestic product across the EU.

But as Mr Brown of the ABCC, which has a large proportion of small exporters, points out, small companies may have the means to engage in complex operations to hedge their currency risk, meaning that they face relatively higher currency transaction costs and are particularly vulnerable to currency swings. And though British exporters have generally benefited from sterling's recent weakness against the D-Mark, many smaller companies still insist they would prefer greater currency stability.

William Brunell, managing director of the Brunell group, which sells precision presses and imports a large number of components from Germany, says: "The one good thing that a single currency could bring about would be stability. For that reason I think it would be a good thing - although how they would actually manage it I just don't know."

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FINANCIAL TIMES TUESDAY APRIL 18 1995



Melville-Boss: single currency cannot be made to work in Europe in the foreseeable future

Richard Brown: the majority of British exporters would support a single currency

Of many other EU members - resulting in a fairly evenly split in the EU and non-EU orientation. Exporters to Europe currently account for about 60 per cent of all UK exports - a figure that has grown rapidly in recent years. However, exports to North America still account for about 15 per cent of the total, and a large proportion of the remaining trade with the Middle East, Latin America and Far East markets is conducted in dollars.

consequently, although currency union has attractions for some exporters to Europe, many exporters to other parts of the world have less enthusiasm. Consequently, many exporters have been slow to embrace the idea of a single currency, and some have even expressed reservations about the benefits of a single currency.

Defence exporters, who predominantly deal in dollars, for example, are already voicing their concern about currency union. Meanwhile Mr Melville-Boss warns that the oil trade would be another possible victim. "Were a European single currency to be introduced, the dollar, the currencies most dependent on oil exports would suffer disproportionately. As an oil producing nation and a significant exporter to the US, Britain would be one of the losers," he says.

Nevertheless, even on this point there are differing opinions. For example, David Simon, chief executive of British Petroleum, accepts that Europe must maintain exchange rates that are competitive with the US and Pacific Rim.

However, he believes that Britain should be involved in the "right" at the start of a full part in designing the mechanics of how the system will operate, such as ensuring accountability of the Central Bank.

Mr Simon himself insists that his opinion is based on technical and political grounds. Pinpointing out the point and rejecting it with a single European currency is not an emotional issue for him personally, he insists.

But in that respect he may be unusual. For in the future of a single currency union, work at the moment, you can't press ahead with something like that when you have the economies of different parts of Europe developing in different ways.

However, the second factor which is set to divide opinion stems from the nature of the UK export market, which - unlike that

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Export and credit collection survey			
Country	Exchange Rate (monthly)	Collection (monthly)	Most recent payment (monthly)
Australia	1.5	Good	Good
Belgium	1.3	Good	Good
Canada	1.2	Good	Good
China	8.3	Good	Good
Egypt	4.7	Good	Good
France	1.6	Good	Good
Germany	1.5	Good	Good
Hong Kong	7.8	Good	Good
India	4.8	Good	Good
Japan	1.3	Good	Good
Malaysia	3.8	Good	Good
Netherlands	1.6	Good	Good
New Zealand	1.5	Good	Good
South Korea	1.8	Good	Good
Spain	1.6	Good	Good
Sweden	1.5	Good	Good
Switzerland	1.5	Good	Good
Taiwan	1.5	Good	Good
Thailand	1.5	Good	Good
USA	1.0	Good	Good
UK	1.0	Good	Good
West Germany	1.5	Good	Good
Yugoslavia	1.5	Good	Good

Source: Financial Times International Trade Finance & Credit Survey. Published by Financial Times Business Finance.

## Confidence undermined

Jon Marks and Kevin Godler analyse changes in the credit standards of export markets

The Mexican currency crisis undermined confidence in a booming emerging markets investing industry, caused runs on several currencies to newly industrialised countries, and jeopardised borrowings in the international capital markets. But overall, the impact of the run on the peso has been relatively limited for exporters seeking access to trade finance in emerging markets.

The export finance market possesses a natural caution, especially so when compared with the more adventurous approach of, for example, emerging market investors. Consequently, fluctuations in the pricing of deals are often less extreme than for other forms of financing. Mexico itself has been a case in point. In the pricing of deals, few investors have been able to raise the price of credit to levels of 10-15 per cent, even in the pricing of deals for other forms of financing. Mexico itself has been a case in point.

For exporters, the impact of the peso crisis has been relatively limited for exporters seeking access to trade finance in emerging markets. The export finance market possesses a natural caution, especially so when compared with the more adventurous approach of, for example, emerging market investors. Consequently, fluctuations in the pricing of deals are often less extreme than for other forms of financing.

Problems facing exporters in the first half of 1995 are continuing to come from trade finance, particularly from countries in the pricing of deals are often less extreme than for other forms of financing. Mexico itself has been a case in point.

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# Exporter's calendar of general and specialist trade fairs, May-October 1995

**General trade fairs**  
 Sept 12-16 - Ho Chi Minh City - VII  
 Oct 24-28 - Johannesburg - Sefax  
 Oct 30-Nov 2 - Singapore - Trade & Technology  
 Sept 21-25 - Milan - Smau  
 Sept 26-27 - Helsinki - KT Data  
 Oct 26-27 - Utrecht - Interoffice  
 May 9-12 - Taiwan - Agronord  
 Oct 6-12 - Riyadh - Agriculture and Irrigation  
**Agricultural events (including related machinery)**  
 May 9-12 - Taiwan - Agronord  
 Oct 6-12 - Riyadh - Agriculture and Irrigation  
**Aircraft and aerospace**  
 Jun 11-15 - Paris - BAE  
 Aug 17-20 - Taipei - TAFE  
 Aug 9-13 - Vancouver - Aerospace/airport equipment  
 Sept 26-29 - Frankfurt - Inter Airport  
**Audio visual equipment**  
 May 23-25 - Hong Kong - Mifera-Aria  
 Oct 7-15 - Ghent - Sound & Vision  
**Books and publishing**  
 Jun 9-11 - Chicago - ABA  
 Jul 20-24 - Hong Kong - Book Fair  
 Oct 9-11 - Barcelona - Libex  
**Building/construction equipment and services**  
 May 17-20 - Singapore - Sibex  
 July 28-Aug 1 - Johannesburg - Africbuild  
 Sept 27-30 - Ho Chi Minh City - Vietbox  
 Oct 18-22 - Bologna - Sale  
 Oct 21-26 - Nicosia - Ecodormia  
**Chemicals, cosmetics and pharmaceuticals**  
 May 15-20 - Beijing - Achemella Chemical Engineering  
 Sept 4-8 - Utrecht - Dropher  
**Clothing, fashion and footwear**  
 May 10-12 - Miami Beach - Bobbin Contempo  
 May 10-12 - Bologna - Unesepalle  
 May 16-18 - Paris - Intersélection  
 May 27-29 - Frankfurt - Incont' di Merceria  
 Jun 25-25 - Florence - Pitti Ennio (Childrenswear)  
 Jun 25-27 - New York - NAVISS  
 July 8-10 - Cologne - Herren-Moda-Woche  
 Aug 4-6 - Cologne - Herren-Moda-Woche  
 Aug 20-22 - Munich - Moda-Woche  
 Sept 10-12 - Dublin - Moda Ireland  
 Sept 23-Oct 1 - Madrid - Hospital (Fur & Leather)

**Computers, office machinery and telephones**  
 May 11-15 - Stockholm - CMC  
 Jun 20-22 - New York - PC Expo  
 Sept 21-25 - Milan - Smau  
 Sept 26-27 - Helsinki - KT Data  
 Oct 26-27 - Utrecht - Interoffice  
**Display and shop equipment**  
 May 9-12 - Taiwan - Agronord  
 Oct 6-12 - Riyadh - Agriculture and Irrigation  
**Electrical/electronic engineering**  
 Jun 12-16 - Paris - Interionic  
 Sept 6-9 - Dortmund - Elektrotechnik  
 Oct 11-14 - Hong Kong - Consumer electronics  
 Oct 18-21 - Shenzhen - Consumer electronics  
**Food & drink/catering**  
 Apr 30-May 3 - Las Vegas - Gourmet products  
 May 9-11 - Brussels - ESE (Seafood)  
 Jun 13-18 - Nantes - Agrolistics  
 Jun 19-23 - Bordeaux - Vinexpo  
 Jun 20-23 - Ho Chi Minh City - Food processing  
 Jun 27-29 - Dublin - Bakes  
 Aug 10-14 - Hong Kong - Food and Beverages  
 Sept 30-Oct 5 - Cologne - Anuge  
**Healthcare**  
 May 17-20 - Brussels - Exported  
 Jun 9-11 - Brussels - ESE (Seafood)  
 Sept 21-24 - Essen - Gesundheit  
**Household furnishing and equipment**  
 Apr 28-May 7 - Porto - Exponovet  
 May 18-23 - Cologne - Interzum  
 May 20-23 - New York - MDM  
 Sept 21-24 - Essen - Gesundheit  
**Jewellery and gifts**  
 Jun 25 - Milan - Chiavella  
 July 8-10 - Cologne - Herren-Moda-Woche  
 Aug 4-6 - Cologne - Herren-Moda-Woche  
 Aug 20-22 - Munich - Moda-Woche  
 Sept 10-12 - Dublin - Moda Ireland  
 Sept 23-Oct 1 - Madrid - Hospital (Fur & Leather)

**Mechanical engineering**  
 May 3-5 - Helsinki - Mecoboo  
 May 25-28 - Cairo - Linturao  
 July 7-10 - Hong Kong - MEX/SMI  
**Mining**  
 July 25-27 - Mackay - ONE  
**Printing and stationery**  
 May 5-18 - Düsseldorf - Drupa  
 May 20-23 - New York - Stationery  
**Safety, fire control and security**  
 Jun 17-21 - Kortrijk - Alarm  
 Jun 21-24 - Siro - Interprotic  
 Aug 28-31 - New York - ISC Expo East  
 Sept 27-30 - Berlin SITECH  
**Scientific and medical**  
 Sept 5-8 - Copenhagen - Scanlab  
 Oct 4-7 - Innsbruck - Micro-Surgery  
**Ships and boats**  
 May 15-21 - Casablanca - Sea Mar  
 Jun 13-16 - Sejing - Multimodal  
 Jun 13-16 - Oslo - Nor-Shipping  
 Aug 11-13 - Atlanta - AMTE  
**Sports equipment**  
 Apr 26-29 - Taipei - Sporting goods  
 Jun 25-27 - Paris - Sial-Sport  
 July 16-18 - Chicago - Sports Expo  
 Aug 22-26 - Munich IPO - Autumn  
 Sept 1-3 - Madrid - Fidec  
 Oct 27-29 - Stockholm Snowtrow  
**Toys**  
 Oct 18-22 - Essen - Spiel  
 Feb 1-7 - Nürnberg - Toy fair  
**Water and air treatment**  
 Apr 28-May 7 - Porto - Exponovet  
 May 18-23 - Cologne - Interzum  
 May 20-23 - New York - MDM  
 Sept 21-24 - Essen - Gesundheit

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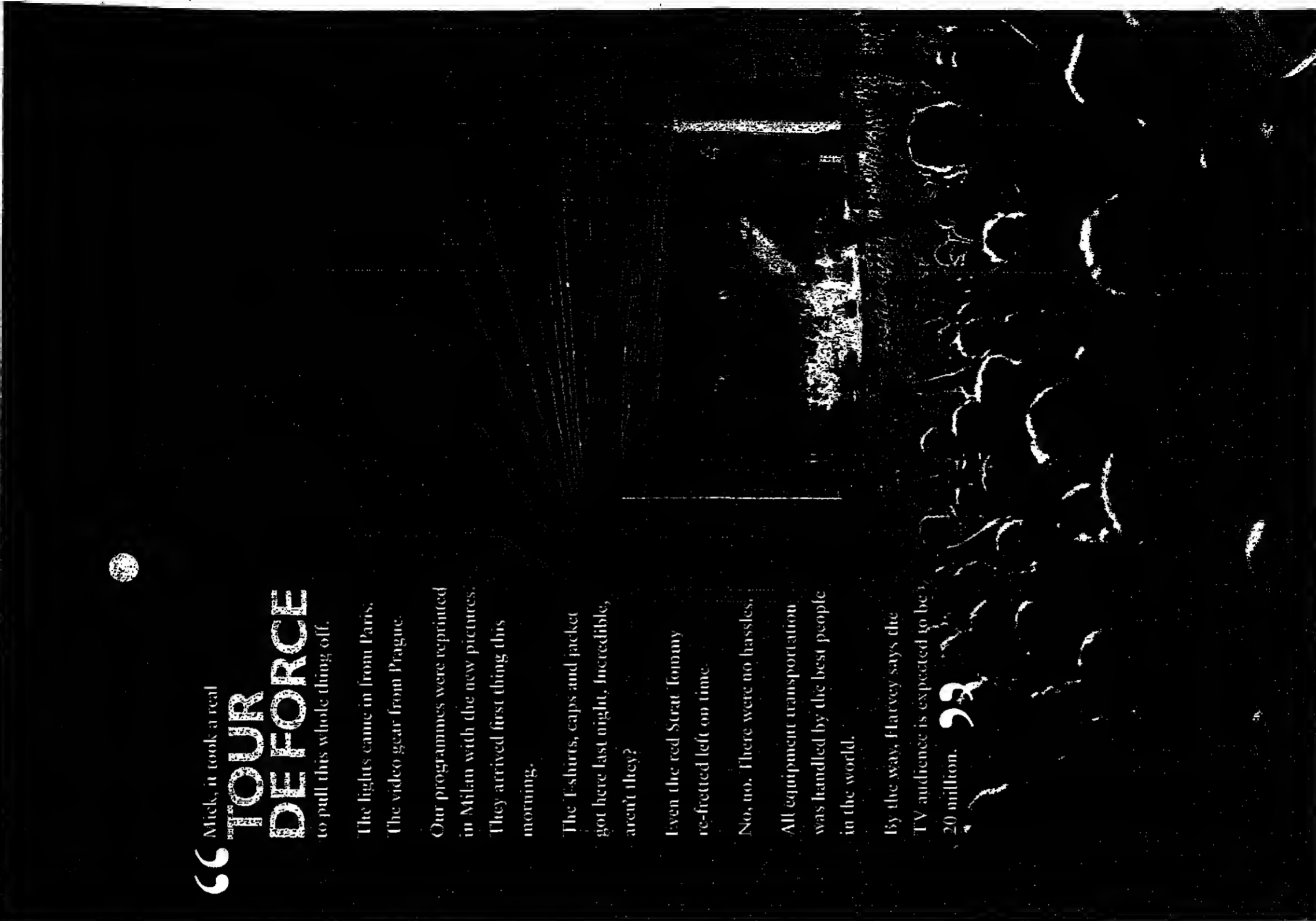
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Export finance: countertrade

# Professional involvement widens

Alan Spence finds that barter is no longer a simple goods for goods arrangement - insurance, commercial finance and more legal processes are all now part of such deals



Countertrade is not for the faint-hearted, but exporters believing it may provide them with a trading opportunity for the possible solution to a soured deal - will find a broad range of countertrade skills and services available in the UK.

These are found largely in and around London, which arguably has taken over from Vienna as the world's countertrade capital.

Venue's pre-eminent role as a countertrade centre largely stemmed from an accident of geography.

When the Iron Curtain descended across post-war Europe, the Austrian capital stood on the divide between a cash-strapped communist bloc and the west.

The former needed the latter's goods and services, but could not pay for them. Enter the countertrade.

Bankers, traders and exporters, all agreed that a deal often suggested should not be lost.

Leading financial institutions at the heart of Vienna's countertrade, such as Centrobank and AWT International Trade and Finance, remain actively involved in countertrade business - offering their services to clients worldwide.

But many of the small traders and individuals - often with central European backgrounds - who also formed the backbone of the Vienna countertrade community, are no longer around. They have either died or retired.

consultants, representatives from the accountancy and legal professions - and a leading political risk insurance broker.

Jonathan Wood, partner in international law firm Clyde & Co, is one of the newer members. Clyde & Co has offices in a number of locations where countertrade businesses can emerge with regularity - including Venezuela, Brazil and Russia.

"Countertrade deals these days are a matter of some legal intricacy," says Mr Wood. Central to the need to establish legally watertight deals is the general absence of sovereign guarantees.

The privatisation of former state trading companies in eastern Europe and elsewhere has removed an important source of comfort to western exporters and traders in an area of commerce often riddled with uncertainties.

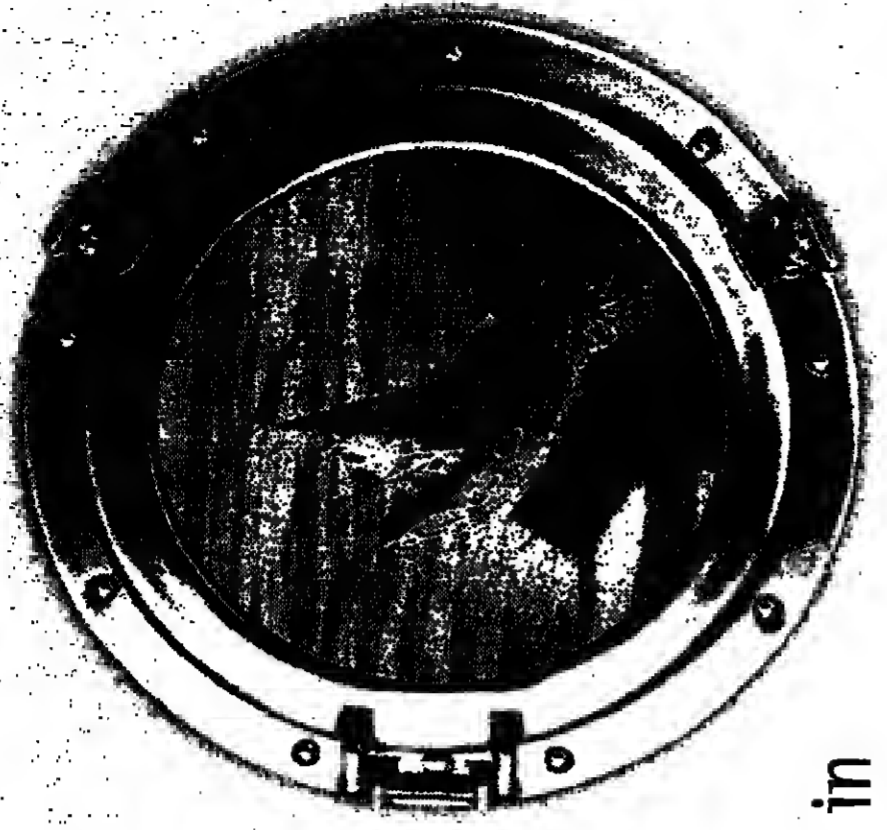
Until recently, in the event of a deal collapsing, recourse to state-backed insurance was often available. "People knew where they stood," says Mr Wood. This has all changed, he adds.

Clyde & Co's involvement in a countertrade deal can often begin with a close examination of the financial status of the client's trading partner. It can sometimes end in business deals, pursuing companies and their clients in deals where the buyer failed to pay.

The legal aspects of countertrade have now become sufficiently important for the International Bar Association to have its own countertrade sub-committee to monitor and analyse developments in this area of commercial law.

Another defining contribution made by London to international countertrade is the provision of political risk insurance cover for finance involved in such deals.

Continued on page 23



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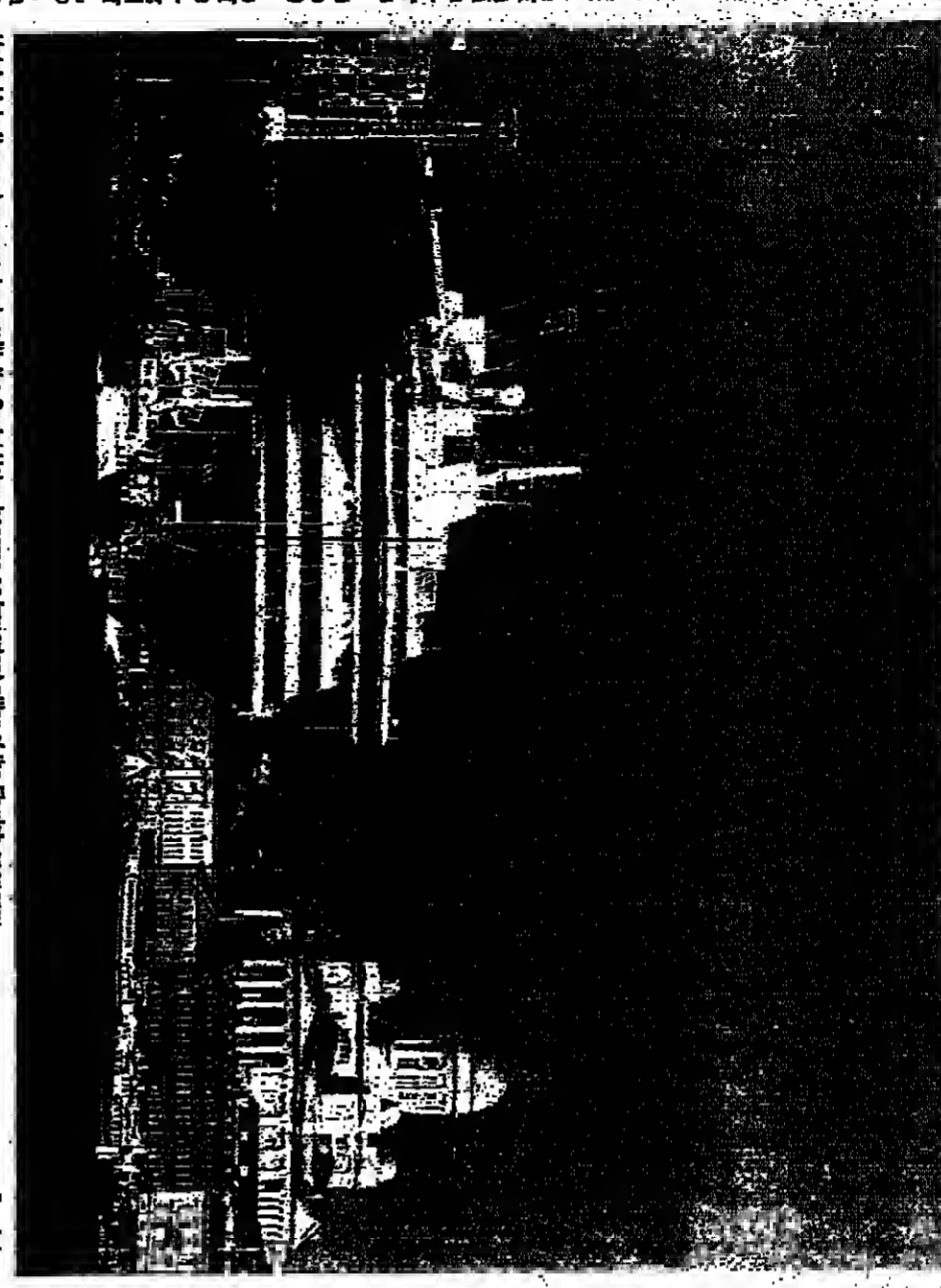
Exporters in action: Design Talo of Finland

# Home front support for Russia

Hugh Carnegie looks at a small company's part in the build-up in cross-border trade between Finland and its eastern neighbour.



Finland's export sector has been a steady presence in the international marketplace, to take advantage of the opportunities that are opening up in the former Soviet Union.



Helsinki in the post-war era, traded with the Soviet Union became an important pillar of the Finnish economy

Slowly, cross-border trade is building up again, reaching more than 7 per cent of exports last year. Today, however, the trade is based on lower-level, company-to-company dealing, rather than on the big scale, government-to-government arranged trading that characterised the old way of Finnish-Soviet business.

Design Talo, a small firm making wooden houses for private clients in the northern industrial city of Kemi, the export of Design Talo offers an insight into the opportunities - and difficulties - involved in doing business in Russia.

## Exporters in action: Arbed of Luxembourg

# Overseas sales stand for survival



Exporting may be synonymous with development and growth in most European countries, but for the Luxembourg, a country with barely more than 400,000 inhabitants, it stands for survival.

For no company is that more true than for Arbed, the Luxembourg-based steel company which was founded in 1868 on the banks of the Moselle river.

Design Talo decided to prepare a small company, such as Design Talo, to build two houses. Drawing up the details, preparing a contract and finally reaching a deal with the Russian client took a long time.

Design Talo has undertaken one private contract in Cheyenne, involving a local products merchant, the bulk of the building materials and interior equipment had to be imported at great expense and inconvenience.

Today the global network is divided into four: TradeArbed Europe, based in Luxembourg and covering western Europe and Turkey; TradeArbed New York, covering the Americas; TradeArbed Singapore, covering the Far East; and TradeArbed Export, based in Luxembourg and covering the rest of the world.

Under the global network, employees 400 under 20 years of age are employed in similar amount from non-group sources in the future this figure will certainly be higher because of the acquisition of local products manufacturer Stahlwerke Bochum, reflecting a drive to build

Exports on the move: packaging certification

# Delivery precautions pay off

Tony Bush finds that a stamp of approval can lower the cost of going to court over damaged products.

## Testing the damage boundaries

A device which records the strains endured by cargo during transit will help reduce breakages.

A block box called the Sover is being used by the company to help reduce damage to goods in transit. The device is set to become an important instrument in the field of "precise packaging" - an industry bid to eliminate breakages and cut out excessive padding material.

The cost of damaged cargo is rising throughout Europe. Two countries have added up what they believe it is costing their exporters: Sweden puts annual losses of between 800 million and 900 million and Germany estimates its exporters' bill at about 1 billion.

Over any given period of time we can record what damage might be caused," says Ben Parsons, business manager, distribution and testing services, for UK-based Pira International.

Pira - a leading consultancy and research organisation for manufacturers, suppliers and users in the packaging, paper and board and printing and publishing industries - sees its role as providing advice and practical help in a number of areas, including design, materials and performance testing, legislation compliance, life-cycle analysis, recycling and packaging manufacturing.

In "source reduction" (the protection of products and optimisation of unnecessary packaging), Pira acts as a scientific investigator. Its task is to look at a product and assess how it might be damaged during transit.

The idea is to wipe out the problem before the journey begins and, at the same time, reduce the packaging required," says Mr Parsons.

One company that used the Sover's predecessor, the EDR, is J&B Scotland, part of the international distillers and vintners group JVB. George Wardrop, quality manager, products, says that on one occasion it was necessary to check the forces bottles of whisky and vodka were subjected to in the firm's internal distribution chain.



At this stage, it may be decided to insert the Sover into the product, or its packaging, to record precisely the environment it encounters on its journey from warehouse to customer.

When the results are analysed, Pira can advise on what cushioning forces are required to prevent similar damage occurring in the future.

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The EDR gave us a lot of information. In fact, we got what we asked for but we would have also liked to measure compression forces, which it wasn't capable of giving us. We would be able to get those from the Sover.

Exports on the move: packaging certification

These tests determine the ability of packaged goods to withstand shock and vibration. The association says its programme is based on the premise that "all manufacturers, engineering and quality editors are involved in a damaged condition."

ISPA's cooperation with suppliers, packagers and shippers is aimed at reducing the risk of damage to goods in transit.

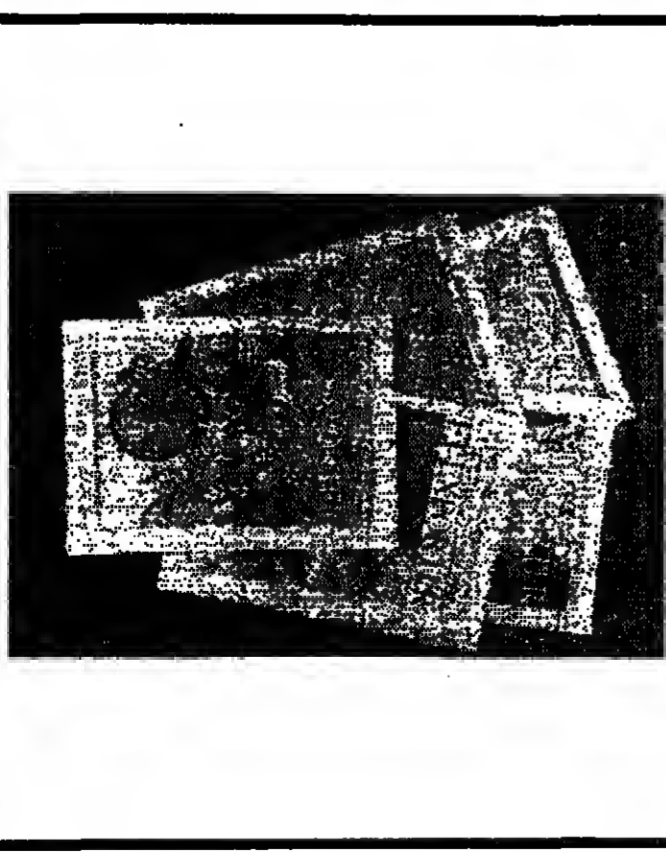
Those eligible to become members of ISPA are shippers, laboratories engaged in certifying packaged products in accordance with ISPA specifications, carriers and what are referred to as "unsuspecting" members - those that provide the industry with design and consultancy services, packaging materials or capital equipment.

The cost of going to court over damaged products can be substantial, says Mr Parsons, who is also a business manager at UK-based Pira International, a consultancy and research organisation for those suppliers and users of packaging. "But, if it comes to it, Pira will act as an expert witness on behalf of ISPA members."

He says that costs against claimants have in some cases been as low as 10 per cent of what might have been the case if the packaged product had not been certified by ISPA.

"There is an increasing tendency to turn against this background, exporters

# FT EXPORTER



FT EXPORTER: A-Z of Exporting - July 12th

The next issue of the FT EXPORTER, Europe's leading export review will appear with the Financial Times throughout the UK and the Continent, on July 12th, and for the first time ever will take the form of an A-Z of Exporting. Packed with advice, information and case studies it is a "must read" for all current or potential exporters.

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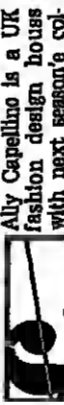


Alison Lloyd Ally, Capellino director: the fashion house decided collecting debts was diverting too much attention away from designing clothes

Export finance: factoring

# Credit insurers help ease payment collection

As companies trading abroad increasingly leave credit control to the experts, Alan Spence finds that a greater range of services could become available



Ally Capellino is a UK fashion design house with next season's collections constantly in the mind. But behind the scenes, factoring company Lombard NatWest helps to keep the designers' products on the catwalk by looking after the sort of collection.

Lombard NatWest and Ally Capellino signed a three-year agreement in 1993, when the emerging fashion house decided that collecting debts was diverting too much attention away from designing clothes.

The company, with an annual turnover of about £1m, has clients in many countries (including the US, Japan, Taiwan, Singapore, Italy, Greece, France and Belgium).

Simply administering exports across such a range of markets would be time-consuming enough for a relatively small exporter. But chasing up late payments takes even more time and adds to costs. Language barriers, local trading customs and differing legal practices are among the problems. So Lombard NatWest director Jonathan Platt has constant access to the figures. "What we do best is to get the figures," he says.

However, factoring is not just about collecting payment; it also protects debts and helps fund cashflow.

Lombard NatWest, for example, assesses Ally Capellino's clients for credit-worthiness, establishes credit limits and guarantees approved accounts are paid in full - even if the customer subsequently defaults.

Moreover, as soon as the company raises an invoice, delivery of goods, Lombard NatWest will provide the exporter with funds up to 80 per cent of the value, with the balance paid on receipt of funds. Factoring exists wherever "open

account" business takes place, says Lombard NatWest marketing director David Kilburn.

Open account trading occurs where clients have a good credit rating and the countries in which they are located do not have a habit of interfering with currency payments.

"The factoring process begins - and sometimes ends - with a credit assessment. We tell the supplier whether its client is good for \$50,000, \$25,000 or nothing," says Mr Kilburn. Sometimes Lombard NatWest may not feel comfortable with the risk. So it may suggest instead that, if the exporter still wishes to go ahead with the sale, it should do so only after receiving a confirmed letter of credit from the client.

Business accepted for factoring is evenly divided between those who want a collection service and those wanting both collection and funding of payments.

Lombard NatWest, in common with other factors, presses hard for overseas payments. "If we say we will sue, we sue," says Mr Kilburn, "otherwise we would lack credibility". He adds that Lombard NatWest has not hesitated to put companies into compulsory receivership.

The cost of factoring varies, depending on the cost of the services offered and whether other payment guarantees, such as an export credit insurance agency, are involved.

The cost of guaranteed payment collection services range between 1 per cent and 3 per cent of the value of invoices, depending on the number and value of invoices involved. If an export credit insurer, such as NCM Credit Insurance, is separately guaranteeing payment, Lombard NatWest, for instance, will cut charges by 0.5 per cent to 0.8 per cent.

In cases where exporters are seeking finance from the factor, an additional charge of, typically, 2 per cent to 3 per cent above bank base rate will be made. This ends when the factor receives payment from the buyer.

The fundamental features of factoring have remained more or less unchanged for many years. However, the prospect of increased involvement by credit insurers could mean a greater range and availability of factoring services to exporters.

NCM, for example, says it is keen to explore new areas of business with factor companies and has built up close relationships with several, apart from Lombard NatWest, including International Factors, Griffin Factors and Alex Lavie.

One way NCM helps factoring companies is by providing an endorsement which makes them into a joint insured party on the exporter's policy. This gives the factor extra security while providing the exporter with a more competitive service.

Traditionally, agencies using factoring services have used the main manufacturing sector. However, more and more exporters of services are using them.

According to Paul Hancock, sales and marketing director at International Factors, about 80 per cent of the company's clients are in the distribution and services industries. Mr Hancock says it is particularly important for such exporters to administer their sales ledger tightly as their issued invoices often represent their only major asset.

Another key trend in international factoring is the increasing number of countries with whom it is possible to conduct factored business.

Paul Bolzoni, director of planning and marketing at Amsterdam-based Factors Chain International (FCI), says that in Eastern Europe, for example, Hungary and the Czech Republic are markets where factoring is becoming increasingly possible.

He adds that the Far East, including China, is a key growth area for factoring. FCI members account for about half of international factored business, which this organisation says was worth about \$200m in 1994. The remaining \$200m is primarily accounted for by the international factors group followed by a number of independent agencies.

Alan Spence is Editor, International Trade Finance, a bi-monthly Financial Times newsletter.

Exporters in action: Trumpf of Germany

# Tool maker tackles world markets

An extensive network of subsidiaries gives a relatively small manufacturer a global presence, writes Frederick Stüdemann



According to Ludwig Litzberger, distribution director and board member, German machine tool maker Trumpf "lives largely from exports" with roughly two thirds of sales taking place outside Germany.

The privately-owned Mittelstand company, based in the southern German state of Baden-Württemberg, was established in 1923 and specialises in machines for punching, cutting and shaping sheet metal and had a turnover of DM52m in the year to end-June 1994.

Trumpf's main markets are Europe, where non-German sales make up roughly 23 per cent of total turnover, the US and 48, which account for 20 per cent and 12 per cent respectively.

Trumpf began exporting in the early 1980s and since then has established an extensive network of subsidiaries and dealerships in more than 60 countries. As well as manufacturing in Germany, where more than 60 per cent of Trumpf's annual output of 80 machines are made, the company also has factories in Austria, Switzerland, the US and France. Along with many German engineering companies, Trumpf sources components from eastern Europe.

Of the 13 subsidiaries, nine are in Europe, two in Asia and one each in the US and Brazil. Their work is vital to Trumpf's exporting strategy as not only do they act as sales offices, but they also provide co-ordination and after-sales service to customers.

This proximity to the customer is, says Mr Litzberger, vital in the machine tools sector where products are continuously upgraded and in need of maintenance. Also given that Trumpf's machines cost anything between DM50,000 and several million DM, the reassurance that comes from close contact is important.

Alongside the subsidiaries, Trumpf has negotiated about 40 exclusive dealership contracts across the world, according to the company's international sales director, who says that the network of local sales offices and dealers is trained by the company.

This combined network gives this relatively small company - it has less than 3,000 employees - a global presence. New markets, such as Vietnam, are then served, initially from existing offices in the region, before being moved to the company's own offices.



Living from exports: Trumpf specialises in machines for punching, cutting and shaping sheet metal

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# Overseas presence crucial to stability

An engineering group sees exports as protection against uncertainty in the domestic market, says Paul Cheeswright



Exports from the UK have started to grow strongly at Glyndwed International, the diversified engineering group based in Birmingham.

Their value, after edging up in 1992 and 1993, rose 24 per cent in 1994 to £74m. These sales represent 25 per cent of the group's UK manufacturing output and account for the increasing importance of exports to a group which has traditionally been seen primarily as a believer of the British economy.

Traditionally, Glyndwed has not wholly relied on exports, largely because of the high cost of shipping bulky items such as large industrial machinery. However, more and more exporters of services are using them.

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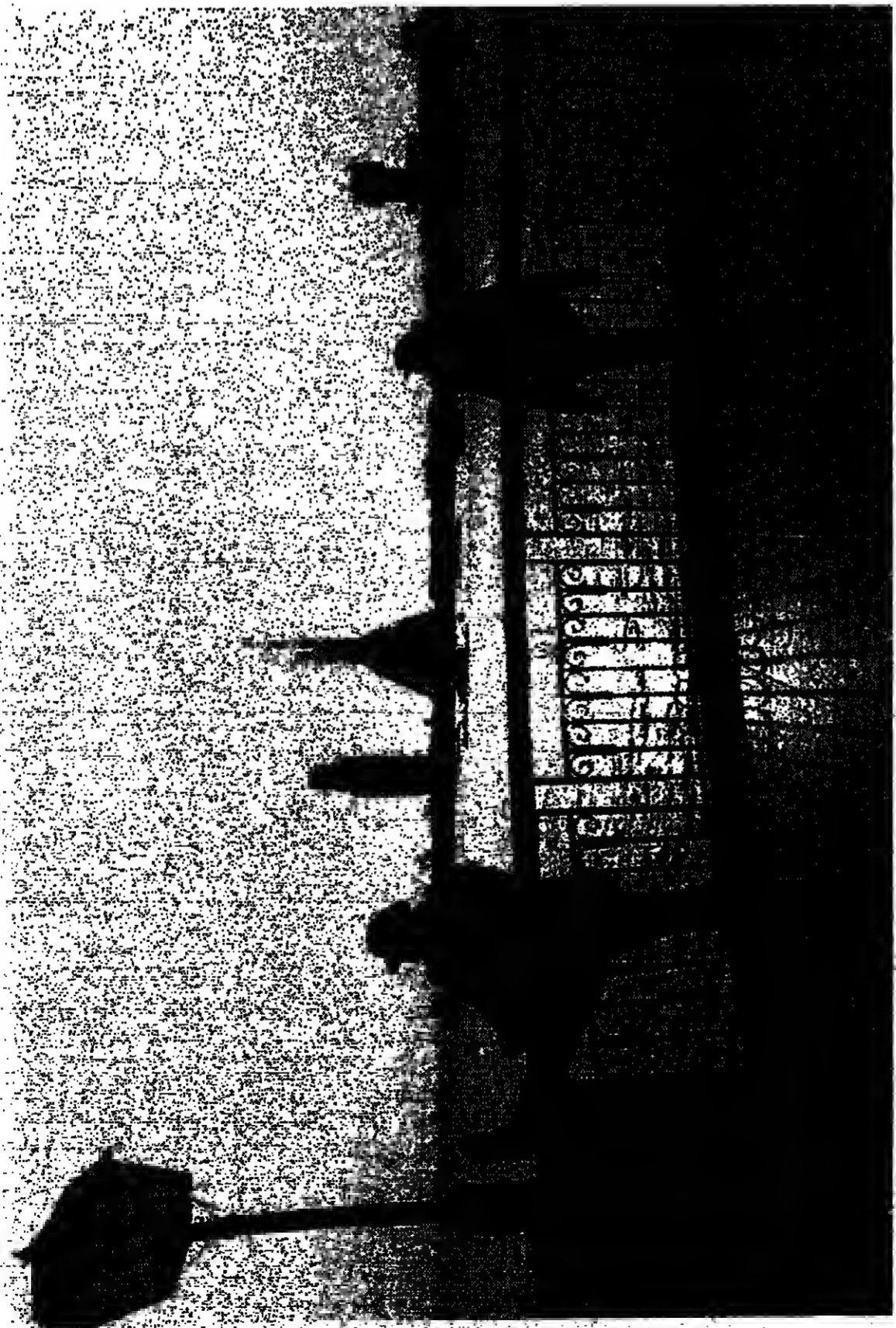
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Hungry for finance: Looking across to Shanghai's Pudong economic zone, China will need about \$10-20bn a year to keep up with the demand for new power-generating capacity

**EXPORT FINANCE: FT Exporter looks at World Bank guarantees, the benefits and disadvantages of countertrade, payment transfers and credit ratings**

World Bank guarantees

## Mobilising the institutions

Nancy Dunne on how the bank helps reassure commercial banks they can prudently invest in developing countries

With governments the world over crippled by tight budgets, it has fallen to the international finance institutions to invent new schemes to spur private sector investment in developing country projects.

More than \$200m a year is required to build the infrastructure needed to support the economies of developing countries, according to the 1994 World Development Report. China alone will require about \$10-20bn a year to keep up with the demand for new power-generating capacity.

The World Bank has been experimenting for some time with partial guarantees for borrowing in the credit or capital markets to obtain longer maturities. Last month it awarded its first guarantee - for a Chinese power project - under an expanded guarantee programme announced last September.

The new guarantee was in support of \$150m in syndicated commercial loans for the 1,500 MW power development project in Zhejiang Province. With its backing, the World Bank played a catalytic role in both mobilising private capital and helping to ensure a wider distribution of risks. It is

involve governments or publicly-owned entities as regulators, suppliers of inputs or purchasers of power. Government undertakings often represent the foundation for decisions by equity and debt investors.

With its expanded guarantee programme, the World Bank is taking on the risk that governments might undercut these projects by changing the rules later on.

Before doing so, therefore, it demands a counter-guarantee from borrowers' governments which signifies their commitment to the project.

Earlier, the bank's partial guarantees were a key to obtaining better lending conditions for developing countries. China's sovereign debt carries an above-investment-grade rating (BBB+/A3), but - stripped of a World Bank guarantee - the bank is able to do with the commercial bank's 6-8-year terms.

Infrastructure projects require longer-term financing to provide a revenue stream to service the debt. With the guarantee, however, 15-year private financing was achievable.

Last year China received its first guarantee from the World Bank for the Yangtze thermal power project. It covered principal repayments from year 10 and, besides stretching the length of the loan, it succeeded in obtaining lower borrowing costs from the commercial lenders.

The Zhejiang project was also granted a partial credit guarantee, which was structured to extend the maturity of commercial loans to provide China with a greater facility in obtaining private capital and free markets.

China's private sector arm, the International Finance Corporation, provides both debt and equity for private sector projects. Its Multilateral Investment Guarantee Agency provides insurance against sovereign risks for equity and equity-linked loans.

Issue for NPC in November 1993 and a 10-year loan for Philippines Long Distance Telephones.

With World Bank backing - in the form of a put option which guaranteed the repayment of the principal at maturity - NPC was able to float a \$100m Eurobond in 1993. The proceeds, along with a \$27m direct loan, are being used to construct the Leyte-Luzon geothermal power project.

In one of its more complex deals, the bank assisted the development of Pakistan's \$130m Hub power project, the country's first private sector build-operate-transfer (BOT) project.

The financing structure - 25 per cent equity and 75 per cent debt - includes about \$80m in syndicated commercial bank loans. About \$20m will be insured by the bank's Export-Import Bank of Japan. The remaining \$60m will be guaranteed by the World Bank and the Export-Import Bank of Japan. The bank is also providing a long-term sales contract with the national utility.

The bank is providing a partial guarantee against specific political risks on principal payments of \$20m. The guarantee will be triggered if the Pakistani government defaults on one of its obligations, leading to a default in the payment of debt services to the commercial banks. The guarantee covers the performance of the fuel oil suppliers - a government-owned entity - and certain force majeure events.

For the Hub project, the World Bank is also co-financing a \$20m direct loan, with Jermbank providing \$10m and France \$10m. Other parallel financing is expected later.

The bank has added a new twist to its Zhejiang guarantee - a release option which gives commercial lenders the opportunity to cancel the guarantee after five years in exchange for an additional loan grant.

Guarantees are available to any of the bank's borrowers. They may be offered on a stand-alone basis or in conjunction with a World Bank loan.

Exports markets: Australia

## Deficit gives others cause to cheer

Bad economic news down under is presenting foreign exporters with a window of opportunity, writes Nikki Tait



Australia's growing concern over its large and expanding trade deficit speaks volumes for the country's potential as an export market. After all, what is bad news for Australia is good news for the rest of the world.

In economic terms, Australia's large trade deficit is a sign of a sudden "confidence boom".

Export markets: New Zealand

## Europe slow to notice the change

Terry Hall finds competitors in Asia and the US are seizing the growing number of export opportunities



Imports have soared to record levels in New Zealand over the past year, although they are still well below the levels of the early 1990s. This is a sign of a sudden "confidence boom".

The increased imports have followed economic reforms of the past decade under which New Zealand has largely removed import protection and lowered tariffs. This programme will see most barriers removed by the year 2000.

However, Daniel Silver, executive director of the New Zealand Importers' Institute, says that European exporters seem to be slow in taking advantage of the new freedoms, and that their share of trade is slipping.

"New Zealand trade has opened up enormously - but it seems many European companies haven't woken up to the change. We are only a small market of 3.5m people, but by world standards we are an advanced consumer society with expanding power in line with countries with many times our population."

According to Mr Silver, Asian countries have seized the opportunities available in New Zealand, as has the US - especially in the computer field, where it is now dominant. "Not so long ago British computer companies were a key part of our market," he says.

Mr Silver says he sees plenty of opportunities for European exporters in New Zealand's rapidly developing manufacturing base. Transport provides openings for exporters of buses and aviation and other specialist equipment.

New Zealand has also looked to Europe for chemicals, medical equipment and for luxury cars and other vehicles. However, high cost structures in Europe have meant that there has been a swing away from buying for example, textiles from Portugal and Greece, since these are no longer competitively priced on the New Zealand market.

Economic growth, which is running at more than 6 per cent of gross domestic product, has fuelled the demand for imports. Imports were NZ\$1,575m in February, up 15 per cent on last year. In the three months to February imports were up 14 per cent to NZ\$4,662m, and rose by 13.3 per cent to a record NZ\$20,376m in the 12 months to February.

The surge in imports - which led to a series of deficits in the trade balance last year - does not worry the government, however. Finance minister Bill English said recently that it was expected that the

It is true that this surge led to fears of inflation, and prompted three interest rate rises last year. As a result, the tempo has slowed somewhat. Nevertheless, the economy is still growing at an annual 6 per cent-plus, and opportunities for exporters remain plentiful.

For example, according to the latest national accounts figures, published in the end of March, business fixed investment rose by a hefty 21 per cent between December 1993 and March 1994, equating 28.9 per cent of GDP. Australia can supply few of its own needs in this score, much of this demand must be met by imports.

Current account figures present the same story. During the first eight months of the current financial year, to mid-February, merchandise imports were up by 14.4 per cent - a sharp contrast to the 2 per cent rise in exports.

Breakdown of these numbers, however, and the extent to which Australian industry's imports of equipment and infrastructure-related products account for the surge becomes plain.

While imports of consumer goods increased a significant 12.4 per cent in the first eight months of 1994-95, with household electrical items and consumer durables leading the way, imports of capital goods were up by more than 24 per cent (imports of intermediate goods, by contrast, rose only 11 per cent).

Perhaps most startling was the 64 per cent jump in telecommunications equipment, which lent protection should be diminished. Even so, the development of new design features means that imports of car parts grew in 1994, for example, although the country's import bill.



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## A black and white photograph of a person standing inside a large, conical net structure, possibly a fishing net or a decorative installation. The net is suspended by ropes and has a large, dark, bulbous object attached to the bottom right corner.

EXPORT FINANCE

According to World Bank and International Monetary Fund forecasts, GDP growth in sub-Saharan Africa could average 3 per cent in 1990, the highest since the continent's economic malaise set in. Perhaps the most welcome development is the fact that the west African economy is likely to exceed that growth rate. If the first quarter's performance is sustained through the rest of the year.

Therein, trading conditions in what has been one of the world's most difficult markets are slowly improving.

In a dozen of the countries that make up the region, reforms have led to market-driven exchange rates, trade liberalization, and privatization programmes ending – or at least curbing – the state paragonage that has been at the heart of corruption and mismanagement. Arrivals in trade payments are being reduced or halted and countries such as Gabon, Uganda, Botswana and Mauritius have been able to maintain GDP growth rates more than double the African average.

But it is South Africa — emerging from the first year of democracy in better shape than might have been expected — that will be the focus of European exporters' attention. Once responsible for destabilising its neighbours in defence of apartheid, the industrial giant of the continent is capable of playing a leading role in the regeneration of the southern African region.

of reducing trade links between the continent of Sub-Saharan Africa and the rest of the world. The Southern African Development Community, successor to the Southern African Development Coordination Conference (SADCC), brings together Angola, Botswana, Lesotho, Malawi, Zimbabwe, Zambia, Mozambique, Swaziland, Tanzania, Namibia and South Africa itself. The potential is enormous. Between them, SADCC members have a combined GNP of \$130bn, and resources ranging from iron in Angola to natural gas reserves in Mozambique, and the tech-

The region of regional growth will be South Africa, with its industrial and mining miracle. Recent little elks have made the market even more attractive, paving the way for a deal for South Africa under the EU's Lomé Convention. Although Pretoria has failed to win full membership, a framework agreement reached at the end of March envisages a pact between Pretoria and Brussels under which South Africa would become a "qualified" member of the Convention. The package envisages a free trade area, coming into effect over a 10-year period, during which South Africa would be given improved access to EU markets without having to give similar preferential treatment to EU exports.

FINANCIAL TIMES TUESDAY APRIL 18 1995



### Financial Times predicts

**Don't leave the airline to chance.**



**Lufthansa**



Enjoying a beer in Stockholm: Budvar's main markets are in western Europe, especially Germany, France, Italy, Austria, Sweden and the UK

Eastern Europe: Budvar of the Czech Republic

## Jewel in the Czech crown

Continued export demand and a surge in sales at home has driven the brewery to expand and modernise its operations, says Vincent Boland



Of the more than 70 breweries in the Czech Republic perhaps the best known, certainly to beer drinkers overseas, is Budvar of the Czech Republic. It is the only one of the country's breweries to export beer overseas, which makes the original Budvar beer.

Budvar's most famous brand, Budvar, is exported to 30 countries through its main markets are in western Europe, especially Germany, France, Italy, Austria, Sweden and the UK. More than 100 million bottles of the beer are sold in the Czech Republic each year. It is the only one of the country's breweries to export beer overseas, which makes the original Budvar beer.

As a reflection of rising local demand exports as a percentage of total production have fallen from 75 per cent in 1983 to 50 per cent last year (10 years ago Budvar exported half its production). Of the 755,000 hl of production last year, Budvar exported 425,000 hl, with 200,000 hl going to Germany, 60,000 hl to the UK and 45,000 hl to Austria.

The Czech government has made a decision on when or how, or even if, it will privatise Budvar while priority is being given to setting the trademark dispute. Given Budvar's status as one of the Czech Republic's crown jewels and the intense local pride in its brewing tradition, it is not surprising that the government is reluctant to let it go.

The company's main objectives, Mr Boland says, are to ensure that it continues to meet demand in its main export markets and to push sales of Budvar beer into southern Europe.

## Gradually rebuilding export sales

Virginia Marsh looks at how the country's largest pharmaceuticals company coped after the collapse of Comecon - and with it, its main markets



Despite the difficulties, Richter, Gal-Fit, 250n of the proceeds were used to reduce the company's short-term debt and was also granted a five-year holiday on profit tax by the government.

Dr Bela says Richter's strategy in the former Soviet Union has been to build up direct sales through a wide network of consignatory agents and agents, rather than just selling through tender. "We have 250 agents scattered over as wide an area as possible, from Moscow to Vladivostok," he says. "In the CIS, as agents are motivated by commission payments on top of a salary, they are not likely to be over-enthusiastic about quality products at low prices and have been on the Russian market for decades which gives us a huge advantage over the pharmaceuticals." In addition, he says, the state is still a big purchaser of pharmaceuticals. "The same decision to devolve the for-profit by 9 per cent last month and by a total of 26 per cent this year."

brewing giant which also makes Budvar. The decades-old legal battle between the two over rights to the Budvar brand name not only prevents the Czech brewer from pushing into North America, for example, where Anheuser-Busch Budweiser brand holds sway, but has also held up Budvar's privatisation.

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## Region emerges as a supplier

Anthony Robinson finds export-led growth in the former Soviet empire is providing cash to finance imports

The sharp rise in exports, principally to Germany and other reviving markets in the European Union, earned the hard currency needed to finance higher imports of consumer and intermediate goods - and the capital equipment needed to sustain structural reform and enterprise modernisation.

Rising investment and higher real incomes should ensure that the region will become an increasingly attractive one for exporters from the EU and Asia over the next decade. Provided that finance is available to them, exporters are expected to be staving off trade deficits.

## Eastern Europe: Overview

The first annual survey from the newly-formed World Trade Organisation published earlier this month revealed that the newly-privatised, as well as many of the restructured but still state-owned enterprises of central Europe, increased their export volumes by 11.5 per cent last year. In dollar terms, according to the UN Economic Commission for Europe, exports of goods and services from the post-Soviet world increased by 19 per cent, double the growth of imports.

This at the region with a reduced current account deficit of only \$3.4m compared to \$3.8m in 1994 with higher exports as a major factor. The region's export growth, the ECZ added, is expected to continue to grow between 8 and 9 per cent in 1995 as the region's economies continue to expand.

One of its aims is to develop a range of over-the-counter products and obtain licenses for more of its products for sale on the huge US market. The company's export prospects for this year have been given a boost by the government's decision to devolve the for-profit by 9 per cent last month and by a total of 26 per cent this year.

## EASTERN EUROPE: Since the collapse of Comecon, post-communist Europe has made a dramatic switch to western markets - both as a supplier and a customer

Significantly Hungary, which received more than 50m in foreign direct investment over the past five years and has the largest per capita debt in the region, is running the region's heaviest trade deficit - \$3.6bn on total commodity trade of nearly \$20bn last year.

In an effort to boost exports and cut the deficit, the government devalued the forint by a per cent earlier this month. But imports of capital goods and the components needed to feed export-oriented assembly plants are expected to remain high while raw exports remain depressed by competition from subsidised EU and US products, a common complaint throughout the region.

Indicators are that growing trade deficits will become a feature of the region's trading pattern, despite rising exports. But thanks to recent debt rescheduling agreements by countries such as Poland and Bulgaria, and relatively low debt levels elsewhere, apart from Hungary, increased volumes of imports should be financeable through better access to western bank and export credit facilities as well as rising foreign direct investment.

Central European exporters still complain of difficult access to trade finance, but the steady progress of domestic banking reform and the creation of western-style export development banks and export insurance agencies is helping to improve prospects.

A growing volume of financial assistance for import-consuming investment projects is also available from the international financial institutions such as the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB) and the World Bank.

The former is increasing its lending to private companies and providing equity finance for private commercial banks, the latter is helping to improve the quality of infrastructure, including the railway sector. The EBRD is also providing equity finance to the Banská Bystrica railway and the Banská Bystrica railway.

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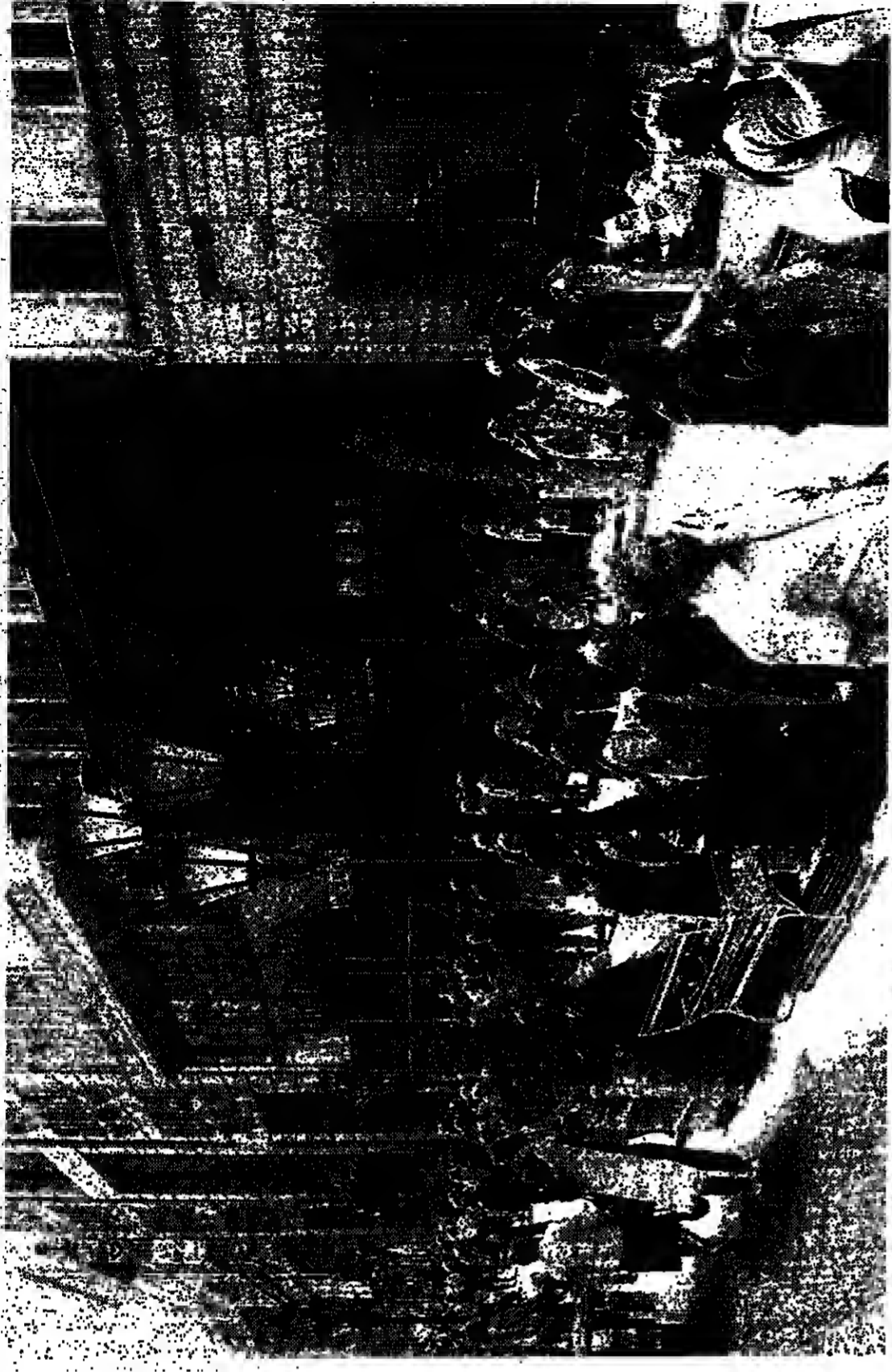
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Growing buying power: the Veel Utes, Budapest's main shopping street

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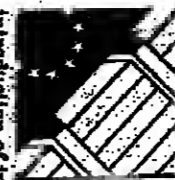
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# EU remains focus for foreign trade

While governments are starting to look further afield to Asia and Latin America, Anthony Robinson finds Europe is still at the heart of export prospects for the former Soviet Union



Foreign trade has provided the most dramatic, and visible, evidence of the economic revolution which has transformed the former Soviet Union. The past few years have seen a dramatic increase in the country's foreign trade, with the former Soviet Union becoming a major player in the world economy. The country's trade with the EU has grown significantly, and it remains a key focus for the country's foreign trade strategy.

Under the old regime foreign exporters had no contact with the final customer and state-owned enterprises had no idea about marketing or the identity and needs of their foreign customers. State-owned monopoly trade houses entered an artificial exchange rate and monopolised off the profits of trade to finance the military-industrial complex which devoured the lion's share of resources and kept millions of people in poverty.

Recent history underlines the scale of the changes which have taken place in the trading environment of east and central Europe over the past five years. Released from the central planning strait-jacket, all the former Soviet bloc states have registered a dramatic shift in the pattern of their trade away from Communist "markets", which absorbed between 80 and 90 per cent of their foreign trade prior to 1990.

## Eastern Europe: Shipping

# Symbol of peaceful revolution

Plans for a new ship reveal the complexities of the post-Soviet trading world, says Anthony Robinson



When Soviet demand for Polish ships collapsed five years ago, the Polish shipbuilding industry nearly died along with it. Ships completed but unpaid for - ordered by Stalalmar, the former Soviet trading company, the Soviet Defence Ministry or the Oil and Gas Ministry - cluttered up the Polish shipyards while the Polish government tried to get out of the subsidies granted for building them.

"At the time," recalls Andrzej Zarnoch, the sales and marketing director of Szczecin Shipyard, "we vowed never again to sell a ship to the Russians." But, as he watched the hull of a new container ship slide out of the construction slipway and into the River Oder on a grey February morning, the veteran shipbuilder pointed to it as the symbol of a peaceful revolution.

the next day for pure

New Germany alone absorbs 30 to 35 per cent of the EU's total trade with the former Soviet Union. The country's trade with the EU has grown significantly, and it remains a key focus for the country's foreign trade strategy. The country's trade with the EU has grown significantly, and it remains a key focus for the country's foreign trade strategy.

History and geography indicate that the main growth in trade and investment will continue to take place between the current EU and its central European and eastern neighbour states. The proportion of total trade with EU markets has already risen following the recent inclusion of former European Free Trade Association states Sweden, Austria and Finland into the enlarged 15-member body.

After a slow start four years ago Brussels embarked upon a series of bilateral and "regime" trade negotiations which have resulted in the ratification of Association Agreements with all six former Communist central European states, although a now-defunct political dispute with Italy has delayed a similar agreement with Slovenia. The remaining "Europe Agreements" provide for virtually free trade in industrial products, except for restrictions on steel, textiles and other sensitive goods which are being rapidly phased out. The main problem in the agricultural trade remains established EU imports and market access restrictions have deepened the agricultural crisis throughout the region.



Andrzej Zarnoch and the Kapitan Konyev, part of an order for a private Russian owner

The 12,000-ton container ship provides an insight into the complexities of the post-Soviet trading world. The formal owner of the new vessel is Oryx, one of the most important buyers for the Russian fleet. The ship is being built by the Polish shipbuilding industry, which has been a key focus for the country's foreign trade strategy.

through, the Russian owners and the shipyard jointly arranged an alternative financing package whereby a German company would have bought the ship and leased it back to Oryx on a bareboat charter basis. In the event it was not needed.

As yet no timetable has been agreed for extension of the EU to the east, but the prospects for inclusion of Visegrad 4 countries around the turn of the century is sufficiently strong to help attract foreign investment for export generating projects aimed at EU markets.

Meanwhile, after only five years of free markets and convertible currencies, central Europe has already produced a crop of rapidly growing export-oriented companies, most of whom depend heavily on access to EU markets. Examples of such companies are Gentex, the Slovakian car parts maker, which exports 90 per cent of its output to the EU, and the Polish car parts maker, which exports 80 per cent of its output to the EU.

Germany alone remains the biggest client but over the past three years the shipyard has also won big orders from South Africa, Chile and Russian shipowners as well as clients in the Far East, traditionally the preserve of Japan and South Korea. Most of the shipyard's output, which exceeds over 60 per cent of its 1,500 a year output of copper, silver and other metals, is consigned through the London Metals Exchange.

But rapid privatisation and growth of the private sector in Russia and Ukraine, as well as rising real incomes throughout central Europe, have also led to a revival of interest in reviving international trade links, albeit on a private enterprise not state to state basis. After years of hypocritical "protection internationalism," the peoples of central Europe are getting up to know each other again and their markets are opening up for the reexported products and services now being produced in the region.

The recently created Central European Free Trade Area was set up to foster such trade at an official level, but the real indications of success can be seen at the frontiers as millions of individual Germans, Poles, Russians and Ukrainians trek across borders to buy and sell to their neighbours. This is now a multi-billion dollar trade and one which ensures that western and western-style consumer goods often penetrate far further than their makers and exporters originally intended.



Cheap labour costs provide the incentive: a Romanian worker assembles an electronic mixer

## Eastern Europe: Germany and the former Soviet bloc

# A well for a range of eastern goods

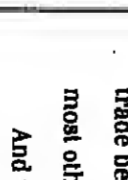
Investment figures show that old ties are being revived and reliance is once again being placed on Germany as a trading partner, says Judy Dempsey



When Germany's reunification took place in 1990, the countries of eastern Europe looked on in despair. Here was their largest, and geographically closest, trading partner about to concentrate all its energies on integrating, at enormous cost, the east German states into the mainstream of the west German economy.

For the east Europeans, Germany's preoccupation with reunification meant that the big German market would be far more difficult to reach than it had been. It was difficult to revive given that Germany now had a strong and unified economy, which involved the unifying and destroyed the trading links between the former German Democratic Republic and eastern Europe. The east Europeans could not afford German goods.

Yet five years since reunification, the old ties are being revived as the countries of eastern Europe again start to rely on Germany as one of their single biggest trading partners. The investment and trade figures prove this. A recent study of the Cologne-based Institute for German Economy (IVW) showed that between 1990 and 1994 Germany had 40 per cent, or DM27.5bn, of all the western investments made central and east Europe.



Trade figures are even more revealing. According to Germany's economics ministry, Germany's total trade with eastern Europe rose by 35 per cent to DM27.7bn in 1993 compared to the previous year. And figures for last year are expected to show a further rise of about 19 per cent to about DM30bn. This also includes trade with the Baltic states. This figure, however, represents only 7 per cent of Germany's total foreign trade.

But eastern Europe's trade with Germany accounts for more than 50 per cent of its total trade with the western European economies, showing just how important Germany is for the region. Germany's largest trading partner, now Warsaw's largest trading partner, rose by 107 per cent to DM10.3bn in 1993 compared to the previous year. German exports accounted for DM3.7bn, a rise of 18 per cent over the same period, and Polish imports totalled DM6.6bn, an increase of 33 per cent.

The Czech republic is in second place, bilateral trade totalled DM1.6bn, a rise of 53 per cent on German exports amounting to DM1.1bn. Trade with Hungary totalled DM1.6bn, a rise of 53 per cent on German exports amounting to DM1.1bn. Trade with Poland rose by 53 per cent to DM1.6bn, a rise of 53 per cent on German exports amounting to DM1.1bn.



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## COMPANIES AND FINANCE

# Target has 'failed to deliver value' with only modest earnings rises

## Gehe to renew attack on AAH

By Peter Pearce and Tim Burt

Gehe, the German pharmaceutical group, will today renew its assault on AAH by criticising the UK drugs wholesaler's recent trading performance and urging shareholders to accept its £400m hostile takeover bid.

The company, which last week increased its offer from 420p to 445p per share, claims that AAH has "failed to deliver value" by generating only modest increases in earnings per share and maintaining flat dividends.

Publishing its revised offer document today, it is also expected to question the success of AAH's long-term rationalisation programme, pointing out that operating margins have remained almost unchanged over the past five years.

AAH is likely to repudiate most of Gehe's allegations later this week or early next.

While the UK drugs wholesaler is prohibited from issuing any new financial information under Takeover Panel rules, it is allowed to expand on issues it has already addressed.

Of the points already aired, two are likely to be elaborated. It might specify from where the £14m cost savings, which formed the main plank of the second defence document, will come and how they will be engineered.

Also, there could be more information on the strengthening of AAH's management. This was alluded to in its latest defence. "On completion of the divestment programme, a management structure appropriate to the group's focus on its healthcare businesses will be introduced."

The point is expected to form part of presentations made to AAH's main shareholders this week.

Gehe, meanwhile, will remind shareholders that its offer represents a 44 per cent premium to the AAH share price shortly before the bid was launched.

The company said yesterday it was a fair approach at more

than 20 times AAH's estimated 21.5p earnings per share for the year to March 31.

The German group acquired some 12.4m AAH shares in the market on April 12, taking its total stake to 17.5 per cent, and is likely to pick up more.

The chances of success of the revised offer is finely balanced in the view of many analysts. It was not as high as had been expected, but could still be enough to secure shareholder approval.

PDFM holds 17.2 per cent of AAH shares, Schroders 7 per cent, Threadneedle Asset Management 5.5 per cent and Newton Investments about 3 per cent.

# Mill House £4m pub purchase

By Simon London

Mill House Inns, headed by a former director of Grand Metropolitan, is buying 12 freehold pubs which were previously owned by Intreprenuer Estates, the joint venture between GrandMet and Fosters Brewing Group, for £15.5m.

The pubs were sold by Phoenix Inns, a subsidiary of Mirgan Grenfell, the mer-

chant bank, which in January acquired 1,750 pubs from Intreprenuer for £250m.

Mr Bob Williams, the chairman and chief executive of Mill House, was managing director of GrandMet Estates, which effectively runs Intreprenuer, until earlier this year.

Mr Chris Parratt, who was previously operations director in charge of Intreprenuer's non-tied estate, is finance and busi-

ness development director.

Mill House will spend a further £4m refurbishing the properties, which had a turnover last year of some £10m.

Mr Williams said that Mill House had finance available for further acquisitions. The company is backed by Causeway Capital, the development capital company and advised by Guinness Mahon Corporate Finance.

# PAY PACKAGES

## National Express chief's pay up by 25%

By Tim Burt

Mr Ray McEnhill, chief executive of National Express, saw his pay and benefits package increase by 25 per cent last year after the long-haul coach and regional airport operator reported a sharp increase in profits.

Mr McEnhill, who helped to steer the group to pre-tax profits of £15.2m (£9.31m), was paid a total of £306,000 (£244,000).

The group's annual report and accounts, published at the weekend, showed that his basic salary rose from £130,000 to £150,000 while his performance-related bonus was increased 64 per cent to £120,000 (£78,000).

He was also granted more than 111,000 share options at 270p, against a mid-market price for the shares of 291p last year.

Mr McEnhill has been credited with pushing through National Express's expansion into bus travel, dominated by the £243.7m acquisition last month of West Midlands Travel - one of the UK's largest bus operators - and the £1.13m takeover of Burnham International Airport in February.

It emerged at the weekend, however, that six non-executive directors at the airport had resigned, complaining that the site had been undervalued.

The total pay, pension and bonus package of Mr Maurice Dixon, chief executive of Simon Engineering, rose to £362,301 after his first full year with the plant, contracting and mobile platform group.

Although the company failed to pay a dividend and admitted that it faced significant problems last year, it paid Mr Dixon a £60,000 bonus and £50,520 pension allowance after he masterminded a restructuring that cut pre-tax losses from £160.3m to £18m and reduced gearing from 264 per cent to 86 per cent.

Mr Neville Buch, chairman of Blenheim Group, the exhibition organiser, saw his total pay and benefits rise from £361,525 to £330,139 last year.

He and other directors also waived £177,900 of other benefits and did not receive a bonus. The company announced a 33 per cent fall in profits last month.

Lord Stevens, chairman of United Newspapers, enjoyed a 7 per cent increase in salary and bonuses last year as his total pay package rose from £436,776 to £467,069.

Argos, the catalogue retailer, last year awarded its directors' honours payments worth nearly five times that of 1993. This helped push total directors' emoluments up by 14 per cent from £1.32m to £1.5m.

The company's 1994 annual report shows basic salaries and benefits falling slightly to £1.05m (£1.06m) but bonus payments increased to £232,000 against £48,000 previously.

The highest paid director, Mr Mike Smith, chief executive, received a 20 per cent rise in his salary and benefits from £268,950 to £323,251.

Last year's pre-tax profits increased by 20 per cent to £100.2m.

# New Saatchi wins most of Dixons' business

By Diane Sammons, Marketing Correspondent

New Saatchi, the breakaway agency set up by Maurice Saatchi after his ousting from Saatchi & Saatchi, has moved close to the top 20 UK advertising agencies by winning business from Dixons, the electrical retailer.

In a deal signed just before Easter, Dixons removed its £40m spending from Saatchi & Saatchi, placing most of the

creative work on the account with New Saatchi.

New Saatchi said its billings had more than doubled with the deal to about £75m. Mr Nick Hurrell, joint chief executive, said: "This win takes the agency to a critical mass."

Another agency, D'Arcy Masius Benton and Bowles, will do a small amount of creative work for Dixons and carry out all media buying. Saatchi & Saatchi's sister company, the Facilities Group, con-

times production work on the account.

New Saatchi is likely to double its staff to about 80 people to handle the Dixons business.

Margins on the work gained by New Saatchi are likely to be tight. It is believed the largest profits are made in the media buying and production ends of the account and Dixons has taken the opportunity of the review to drive down costs on creative work.

# Still upwardly mobile

Paul Cheeseright and Alan Cane on Caudwell Communications



John Caudwell: managing director without outside finance

By the end of this year Caudwell Communications will have seen its sales rise by more than 98 times and pre-tax profits by 55 times over the past seven years.

The Stoke-on-Trent company is an expanding survivor in a sector of such speedy growth that failure beckons all but the fittest and surest of foot. It is involved in the provision of mobile telephone services.

When the figures for 1994 are reported they will show pre-tax profits of £2.5m and sales of £5.5m. This year it is expecting pre-tax profits of £4.5m on turnover of about £10m.

Whether such rapid growth can be maintained depends as much on markets overseas as on domestic sales.

The domestic industry is quirky. Wholesaling companies such as Caudwell make little or no profit on the sale of a telephone. They recoup their investment and generate earnings from the provision of the telephone services. It is like selling a razor but locking the buyer into a certain type of blade.

When the business started in the UK 10 years ago, the pioneering operating companies Vodafone and Cellnet were forbidden to deal directly with customers to prevent the emergence of monopolies. Instead, they had to deal through service providers such as Caudwell.

The service provider buys airtime from the operator at a discount and sells it on either to customers or to dealers. The service company is also responsible for billing the customer and collecting the cash. For every pound collected, about 75p goes to the service operator.

"The more subscribers you put on, the more that reduces the profit. The benefits of expanding the subscriber base will come through from 1997 onwards," said Mr John Caudwell, managing director.

In the last two years, Caudwell has raised the number of subscribers from 100 to 3,000 a month. The target for December 1995 is 20,000. This is not a large portion of the market. Nationally the number of new subscribers last year averaged about 150,000 a month.

Service providers and operators both pay commission to dealers to encourage them to recruit new customers - typically £180 from the operator and £100 from the service provider for each new customer.

Making a profit in such a business means running a tight operation with low overheads. Caudwell is respected throughout the industry for this. It is one of the top 10 Vodafone service providers in the UK and close to being the largest in private hands.

Service providers can also be distributors, and the company is distributing about 40,000 telephones a month. The precise balance between domestic retailers and overseas markets is unclear. It is opening subsidiaries in Africa, Asia and Europe. Mr Caudwell believes that in countries such as China

and India, the development of hardware networks will give way to cellular networks. However, the company's international ambitions may not sit too comfortably on the present capital structure. Mr Caudwell and his brother Brian own 95.5 per cent of the equity. The balance is held by Mr Craig Bennett, the finance director.

Since 1989 the Caudwells have made certain that the value of their capital has consistently been greater than their borrowings. "I'm happy I can manage the business until flotation without requiring outside finance," said Mr Caudwell.

Such a flotation would take place between 1997 and 1999. "Prior to flotation, the strategy is organic growth. After flotation, and this one of the reasons for doing it, there will be the opportunity to have acquisitive growth," he added.

Such acquisitions will probably concentrate on the purchaser of management teams. "Our biggest problem is people."

But the Caudwells make it clear they will float on their own terms. "I want Brian and I to retain a majority in the company."

They will float up to 40 per cent of the company, which they hope will be valued at about £25m.

In the past five years the rules have been changed and service providers are no longer obligatory. Does this mean the beginning of the end for companies such as Caudwell?

Their response is that well run service providers will always be valued by operators as the linchpins of an efficient and cost effective distribution network, without which the mobile phone explosion would scarcely be manageable.

## CROSS BORDER M&amp;A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Seagram (Canada)	MCA (US)	Film production	\$3.8m	Matsushita heads for exit
Zurich Insurance (Switzerland)	Kemper (US)	Financial services	\$1.25bn	Zurich leads agreed bid
Gehe (Germany)	AAH (UK)	Pharmaceuticals	£400m	AAH unimpressed by increase
Holtzbrinck (Germany)	Macmillan (UK)	Publishing	est £200m	Majority stake agreed
ABN Amro (Netherlands)	Alfred Berg (Sweden)	Banking	£85m	Volvo continues disposals
Alco Standard Corp (US)	Southern Business Group (UK)	Office equipment	£81.1m	Rival bidders bowing out
Vickers (UK)	Aquasemaster Rauma (Finland)	Engineering	£32m	Complementary buy
Metal Mining (Canada)	WBH (Austria)	Mining	£12m	Needs sundry approvals
Pioneer Investments (US)	First Investment Voucher Fund (Russia)	Financial services	£11.2m	51% stake approved
ST (UK)/Banco Nazionale del Lavoro (Italy)	Albacom (LV)	Telecoms	n/a	Another link in Euro-chain

# Nedlloyd

Shareholders in Royal Nedlloyd Group N.V. and other entitled parties are invited to attend the Extraordinary General Meeting of Shareholders which will take place on Wednesday 3 May, 1995, at 09.30 hours in the Company's offices, Boompjes 40 in Rotterdam.

## Agenda

- Opening
- (a) Proposal to amend the articles of association of the Company
- (b) Proposal to adopt the amended Regulations for the Committee of Shareholders
- Closing
- Any other business

As of today, copy of the proposal to amend the articles of association containing the full text of the amendments and the proposed Regulations for the Committee of Shareholders can be obtained free of charge at the office of the Company (telephone: 31-10-400.68.12) and at the offices named hereafter.

At the meeting a decision about amending the articles of association can be taken only if more than one-half of the capital issued is represented. If such representation is not in the meeting, the proposals to amend the articles of association and to adopt the Regulations for the Committee of Shareholders will be placed on the agenda of the annual General Meeting of Shareholders which will be held on 24 May, 1995. The notice convening this annual meeting will appear in the 4 May, 1995, issue of this paper.

## Registration

To obtain entry to the meeting and to be able to exercise the rights attached to bearer shares, holders of bearer shares must have deposited their shares at the latest on Wednesday 26 April, 1995, at the office of the Company or at the Main Office of one of the following banks:

ABN AMRO Bank N.V., Herengracht 595, 1017 CE AMSTERDAM

MeesPierson N.V., Rokin 55, 1012 KJ AMSTERDAM

Commerzbank AG, Neue Mainzerstrasse 32-36, 60261 FRANKFURT AM MAIN

The certificate of deposit from the bank will serve as admission card to the meeting.

To obtain entry to the meeting and to be able to exercise the rights attached to registered shares, holders of registered shares must have given written notice of such intention at the latest on Wednesday 26 April, 1995, to the Executive Board (Secretariat Executive Board, Boompjes 40, 3011 XB Rotterdam, The Netherlands) who will then issue an admission card to the meeting.

## Proxies

Shareholders wishing to be represented at the meeting through a written proxy are being advised that their form of proxy must have been signed by the rightful owner of the relevant share(s). In addition, the form of proxy must have been received in the office of the Company by mail or fax not later than on Wednesday 26 April, 1995 (Secretariat Executive Board, Boompjes 40, 3011 XB Rotterdam, The Netherlands, fax 31-10-400.61.50). When registering, the holder of bearer shares will receive a form of proxy from the bank; the holder of registered shares will receive a form of proxy from the Executive Board.

Rotterdam, 18 April 1995

Executive Board

Royal Nedlloyd Group NV - Boompjes 40 - 3011 XB Rotterdam - Tel. 31-10-400 68 11

## NEWS IN BRIEF

ASCOT HOLDINGS, the property, pubs and hotels group which underwent a financial restructuring in December, has sold its freehold property, Hunt End Estate, Redditch, West Midlands, to Revelant Estates for £2.25m. Proceeds will be used to reduce debt. The gross rental income from the 131,000 sq ft property amounts to £280,500 a year.

DWYER ESTATES has exchanged contracts to buy a residential development site on the Fulham Road in south-west London from British Telecom communications for £4.45m cash. FIFE INDMAR: Open offer has closed with 218,087 new ordinary shares taken up by shareholders which have been allotted to them in full. The balance of 2,586 new ordinary shares (92.9 per cent) has been placed with institutional investors.

LISTER & CO. is to sell Albert Mill, Bingley, West Yorkshire for \$970,000 in cash. Proceeds will be used to reduce bank borrowings.

UNIT GROUP has announced subscriptions for 1.7m shares, representing 39 per cent of the rights issue shares.

VINTEN GROUP: Recent open offer has been accepted in respect of 6.66m new shares representing 92.67 per cent. BGM approved the acquisition of Sachler.

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## Lead Managers

Banco Bilbao Vizcaya S.A.

The Bank of Tokyo Ltd

Banque Paribas

Banque Worms

Bayerische Landesbank Girozentrale

Commerzbank Aktiengesellschaft

Den Danske Bank

Dresdner Bank Luxembourg S.A.

Banque San Paolo

Midland Bank plc

National Westminster Bank plc

The Sumitomo Bank Limited

Union Bank of Switzerland

Banco Exterior de España Argentina

Banque de Neufilz, Schlumberger, Mallet

Barclays Bank PLC

Caisse Centrale des Banques Populaires

Credit Suisse (Luxembourg) S.A.

Deutsche Bank AG

The Fuji Bank Ltd.

Kreditbank N.V.

Morgan Guaranty Trust Company of New York

Royal Bank of Canada Group

The Toronto-Dominion Bank

## Managers

Banca Commerciale Italiana

Banca di Roma

Banque Paribas

Banque Paribas

Banque Paribas

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## Alcatel Alsthom may split job of chairman

By John Riddling in Paris

Alcatel Alsthom may separate the roles of chairman of the group and of its telecom subsidiary as it seeks to resolve the management crisis created by the ban on Mr Pierre Suard, its embattled chairman.

Mr Suard appears set to be replaced at a board meeting this evening, following Friday's decision by an appeals court to uphold the main elements of a judicial order barring him from running the transport, telecoms and engineering concern. The order was issued last month by a magistrate probing allegations of over-billing of France Telecom and the abuse of company funds.

The Alcatel chief, who has denied any wrongdoing, is likely to remain on the Alcatel board. However, this evening's meeting is expected to appoint a caretaker chairman to oversee the search for a permanent successor. Mr Marc Vénot, head of Société Générale, one of France's biggest banks and Alcatel's biggest shareholder, is widely expected to be the interim chairman.

Some within the group believe Mr Suard's functions should be split between that of chairman of Alcatel Alsthom and a new head for Alcatel, the telecoms arm. They argue this would help decentralise management and increase flexibility at the telecoms division, and that the range of the group's activities, which spans the manufacture of high-speed trains, power stations, and cables represents too demanding a task for the head of the telecoms subsidiary. "It is like asking Jack Welch [chairman of General Electric] to look after the day-to-day running of the turbines business of General Electric," says one executive.

Such a reform, however, would be expected to run into opposition from some board members who favour the maintenance of the existing structure. "It is part of French business culture to have a powerful PDG [chairman and chief executive]," said one industry observer.

The board wants a successor for Mr Suard by its annual shareholders' meeting in late June. Speculation on possible candidates has included Mr Serge Tchobruck, chairman of Total; Mr Jean Syrota, chairman of nuclear group Cogema; and Mr Pierre Bilger, head of GEC-Alsthom, the engineering and transport joint venture with GEC of the UK.

## Sega forced to lower forecasts

By Eniko Terszono in Tokyo

Sega Enterprises, the Japanese video games maker, has been forced to revise down profit forecasts for its recently-completed business year because of the surge of the yen and further sluggishness in the European market.

The company's announcement follows a similar revision warning earlier this month by Nintendo, which now expects pre-tax profits to be nearly 7 per cent lower than projected.

Sega said it had revised down its consolidated recurring profits for the year to the end of March by 62.7 per cent from initial projections, to ¥10.3bn (\$123.6m), less than half the ¥21.6bn posted the year before.

The dollar averaged ¥99.60

for the fiscal year, compared with ¥108 in the previous 12-month period. Sega's forecasts for the current year are based on the assumption that the dollar will average ¥95.

Sega also blamed the sluggish European home video games market, which grew rapidly in 1991 and 1992, and slow sales in the US, where consumers are shifting to next-generation products recently introduced to the market.

Sega Europe is expected to report a net loss of just less than ¥8m in the latest fiscal year. Sega said the size of Europe's video games market had fallen 75 per cent from its peak. Against this backdrop, Sega has reduced software inventories at its European subsidiaries and is considering a new advance into the market.

for next-generation games products.

In the US, Sega said home video games demand had run its course, leading US subsidiaries to break even at the net level. For all of North America, Sega posted a net loss of ¥11m. Sega blamed weakness at Canada-based units.

Group after-tax profits for the year were revised down by 56.5 per cent to ¥50m, a 55.4 per cent drop from the year earlier. Sales were also revised down by 4.6 per cent to ¥360bn, against the previous year's ¥415.5bn.

Sega said it was trying to overcome the high yen problem by increasing the share of its amusement business - building and operating games-entertainment centres - domestically and internationally.

ally, and by accelerating its move to shift production overseas.

Sales of home video games products currently account for two thirds of its revenue, and company officials see this declining as revenue from other divisions grows. The company earlier this year announced it would open an amusement centre in London's Piccadilly Circus next year, and seek further scope for growth in the sector.

On a non-consolidated basis, Sega expects recurring profits for the 12 months to last March to plunge 45.9 per cent from the year before, to ¥220m. Far net after-tax profits are now expected to fall 39.7 per cent from a year earlier, to ¥23.2bn, on a 5.9 per cent decline in sales to ¥383m.

## Luxottica wins battle for US Shoe with \$1.3bn offer

By Richard Tomkins in New York

Luxottica, the Italian spectacle frame maker, yesterday looked set to become the biggest US retailer of eyeglass frames, and to sell the remaining operations.

US Shoe has three retailing businesses, of which LensCrafters is the best performing. A second operation sells footwear, and a third, the worst performing, sells women's clothing.

Last month, US Shoe rejected Luxottica's \$1.1bn offer as inadequate and announced it had agreed to sell its footwear business to Nine West, another US footwear

retailer, for \$560m in cash plus stock warrants.

It is understood this deal will still go ahead under the agreement with Luxottica. As originally planned, the Italian company is also expected to seek a buyer for the women's clothing business.

Even after the disposal of the footwear and women's clothing business, Luxottica will be acquiring a business much larger than itself. Last year, Luxottica had revenues of \$1.81bn (\$476.8m), while US Shoe's eyewear business alone had revenues of \$767m.

US Shoe shares were up \$1 at \$27.4 in midday trading, while Luxottica lost \$4 to \$24.

## UBS may act against BK Vision

By Ian Rodger in Zurich

Union Bank of Switzerland (UBS) is considering legal action against BK Vision, an investment company and its largest shareholder, for publishing accusations that allegedly damage the bank's reputation.

On Saturday, BK, which holds about 3.6 per cent of the bank's shares, sent a letter to its shareholders saying it would vote against the normal motion to discharge UBS directors of their responsibility for last year's affairs. Such a move had been expected after BK filed criminal charges two weeks ago against Mr Robert Studer, UBS chief executive, and other directors, for willfully damaging the bank last year.

BK also wrote that the stock market distrusted UBS and insinuated that its directors lacked integrity.

UBS said the letter, which was reproduced in BK advertisements in two Swiss newspapers at the weekend, was "completely over the top".

The letter pointed to two preliminary court judgments which acknowledged that it was plausible that UBS directors bought the bank's shares last autumn to influence the outcome of a vote to convert its registered shares into bearer shares.

BK said it had sought criminal proceedings against UBS directors because they spent large sums of shareholders' money to buy registered shares last autumn in the run-up to the vote on the share conversion plan. According to BK, they did so in the knowledge that the value of those shares, then at an effective premium to the bearers, would fall if the conversion plan was approved, and they always expressed confidence it would be approved.

UBS rejected the charges as being "entirely without substance". The Zurich District Attorney has yet to decide whether there is sufficient evidence to authorise formal proceedings.

As a result of this action, according to BK, "the market distrusts the bank's leadership", a claim UBS disputes. "Our shares have performed recently in line with the market," it said.

The bank also retains triple A ratings from all leading credit agencies.

## Nedlloyd pays first dividend in five years

By Ronald van de Krol in Amsterdam

Nedlloyd, the Dutch shipping and road-haulage group, is to pay a dividend for the first time in the 1990s, after returning to profit in 1994, after forecasting that it will at least match this in 1995.

The company said it swung into a net profit of \$1.92m (\$59.1m) from a net loss of \$1.12m in 1994. Turnover was almost flat at \$1.61bn compared with \$1.60bn, but this was partly because of disposals and a decline in transport rates. The underlying increase

in volumes carried by Nedlloyd was 7 per cent.

Nedlloyd plans to pay a \$1.25 dividend on 1994 results, marking the first payout since the 1989 dividend of \$1.30.

In ocean-going shipping, Nedlloyd boosted its operating results to \$1.11m from \$1.39m, while in European road haulage, operating results improved to a profit of \$1.54m from a loss of \$1.4m the year before.

For 1995, Nedlloyd forecasts net results at least equal to 1994's if the dollar remains in its current trading range of \$1.55 to \$1.60.

## Time Warner to sell 51% of Six Flags unit

By Tony Jackson in New York

Time Warner, the US media group, is to sell 51 per cent of its Six Flags theme parks business to a US investment group for \$200m. The deal, part of its drive to reduce debt after recent heavy expenditure on cable-TV networks, also involves the transfer of \$800m of debt to the new venture.

The investment group is led by Boston Ventures, a venture capital firm which specialises in entertainment and the media. Time Warner said it would retain joint responsibility for managing Six Flags. Its chairman, Mr Gerald Levin, said: "We will retain all the strategic benefits of having Six Flags as an integral part of the Time Warner family."

Mr Robert Pittman, head of Six Flags, was last week reported to be seeking a buy-

out of the business on terms similar to those agreed with Boston Ventures. Time Warner said Mr Pittman had agreed to stay on through the summer, after which it would appoint a replacement.

Mr Levin said the deal brought to \$1.1bn the total reduction in Time Warner's debt since the debt reduction programme was announced in February. The group's purchase of cable networks is costing almost \$50m.

Six Flags, which runs 10 parks in seven US locations, was bought by Time Warner between 1991 and 1993 for \$120m in cash plus the assumption of \$500m in debt.

Time Warner also reported a 7 per cent rise in group cash flow, to \$681m, for the first quarter and a 7 per cent reduction in its net loss to \$50m, or 13 cents a share.

## Teck mine stake

Teck Corporation, the Canadian mining group, has agreed to pay \$510m (\$510m) for a stake in the potentially rich nickel, copper, and cobalt deposit at Volsey Bay, Labrador, writes Bernard Simon in Toronto.

Teck will buy 3m shares at \$170 each in Diamond Fields Resources, the exploration company which discovered the Volsey Bay deposit. Diamond Fields' shares were trading at \$33 on the Toronto Stock Exchange before yesterday's announcement.

Mr John Lydall, analyst at First Marathon Securities in Toronto, estimated in a recent report that Volsey Bay could produce between 60m and 110m lbs of nickel a year.

## Santander issue

Banco Santander, the largest Spanish banking group, has launched a \$300m subordinated debt issue in the US market as part of a strategy to strengthen its capital base as it embarks on fresh expansion plans, writes David White in Madrid.

The issue of 10-year bonds at 7.50 per cent, underwritten by a syndicate led by Merrill Lynch, is the second this year, bringing the total to \$450m.

Mr Matias Rodriguez Inciarte, vice-chairman, said the issue would raise the ratio of capital to assets to 10.7 per cent, compared with 10.3 per cent at the end of last year.

The end-1994 level was down from more than 13 per cent prior to Santander's acquisition last April of the controlling stake in Banco Español de Crédito (Banco). However, Mr Rodriguez Inciarte noted this was still above the minimum laid down by the Bank for International Settlements.

## Appeal of derivatives widens

European pension funds and insurance companies are making wider use of derivatives in their investment strategies, according to a survey by Intersec Research, the US consultancy group, and the European Managed Futures Association.

They found that some European fund managers had begun to invest directly in so-called "managed futures" or "structured derivatives" funds, which use futures and options as their primary means to gain exposure to markets.

Mr Stephen Oxley, vice-president of Intersec in London, said interest in the managed futures funds indicated the sector could be emerging in Europe as a separate asset class, as has happened to some extent in the US.

Such funds usually invest in a combination of cash or bonds and exchange-traded derivatives. Of the 350 European pension funds and insurance companies interviewed for the sur-

vey, 14 said they invested in managed futures. Many more said they would consider such investments within the next five years.

Mr Oxley said interest was stronger in continental Europe

There is growing interest in managed futures funds in Europe, writes Richard Lapper

than in the UK. A much bigger percentage of fund managers said they used derivatives to support investments in other assets, such as bonds and shares. Some 174 employed them either directly or through contracted fund managers. More than 100 used them for tactical asset allocation, a technique to manage shifts in investments in underlying shares and bonds more efficiently than through conventional means. A smaller num-

ber used them for hedging currency and interest rate risk.

Mr Oxley said the survey identified opportunities for banks and the fund management industry in the area of managed futures, but much depended on how the products were marketed and the education offered to customers.

In spite of evidence of widespread use, the survey found a high level of fear and misunderstanding of derivatives among investment managers, pension fund trustees and committees responsible for approving investment decisions.

Restrictions outlined in investment guidelines limited the use of managed futures or structured derivatives at 56 per cent of the institutions surveyed. Poor understanding by management, negative press and the lack of a recognised benchmark also depressed their employment.

\* Intersec Research (London Office), Pegasus House, 37-45 Sackville Street, London W1X 1DB. 0171-287-3894

AEGON N.V., registered offices at The Hague, The Netherlands

Shareholders are invited to attend the Annual General Meeting of Shareholders to be held at the AEGON headoffice, 50 Mariahoeveplein, The Hague, The Netherlands on Tuesday, 9 May, 1995 at 2.30 p.m.

## Agenda

1. Call to Order and Opening.
2. Minutes.
3. Annual Report and approval of the annual accounts and the final dividend for the 1994 financial year.
4. Information on the results of the first quarter of 1995.
5. Amendments of the Articles of Incorporation.
6. Interim dividend for the 1995 financial year.
7. Vacancies and (re)appointments with regard to the Supervisory Board as of 9 May, 1995.
8. Vacancies in the Supervisory Board in 1996.
9. Resolution to designate the remuneration of Supervisory Board members.
10. Authorization as referred to in section 4, subsection 16 of the Articles of Incorporation.
11. Announcements.
12. Questions and adjournment.

The agenda with explanations, the annual accounts and the annual report for 1994 with the data required by law, the data and information required by law with respect to the candidates proposed for (re)appointment as members of the Supervisory Board and a copy of the proposal containing the actual text of the proposed Amendments of the Articles of Incorporation, are deposited for inspection from this time until the end of the Meeting at the Company's office in London and are available free of charge to any shareholder, upon request.

Holders of shares to bearer or their proxies shall be admitted to the Meeting upon producing a voucher showing that their share certificates or their mandator's share certificates respectively have been lodged in the United Kingdom at the ABN AMRO Bank N.V. in London. The proxy shall produce his proxy statement. The lodging mentioned must have taken place on 3 May, 1995 at the latest.

Gelişen Pazarlarda  
En İyi Banka

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FINANCIAL TIMES

# MARKETS

THIS WEEK

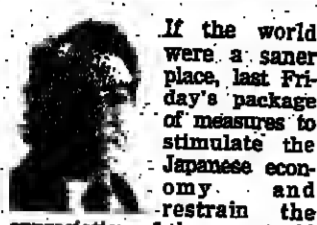
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Global Investor / John Plender

## The giddy upward path of the yen



If the world were a saner place, last Friday's package of measures to stimulate the Japanese economy and to restrain the appreciation of the yen would have been a stab at stabilising speculation. The Japanese institutions would lead an unbridled charge to purchase dollar assets, with the result that an outflow of private capital would finally cause the yen to reverse its giddy path.

It will not, of course, take place, as the initially pessimistic reaction in the currency markets rightly implied. But it is worth exploring the nature of this capital and currency market logjam, because it exposes numerous contradictions in the way modern fund management works.

The starting point is the plight of the Japanese life assurance companies, discussed here on December 12. Theirs is the extreme example of the dilemma of fund managers who are struggling to make high nominal returns in a disinflationary world.

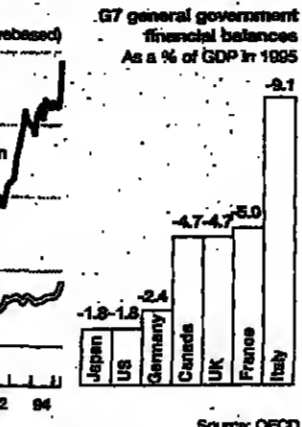
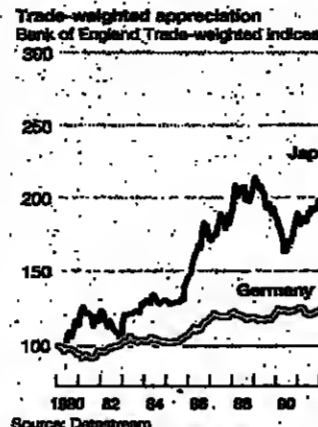
The crude arithmetic is that the Japanese life companies have guaranteed returns to policyholders of about 4% per cent. Yet the deflationary implications of a soaring yen

have contributed to a fall in the yield on the Japanese 10-year benchmark government bond from just over 4% per cent at the start of the year to nearer 3% per cent today. If this continues the insurers are insolvent.

The paradox of their situation is that one of the only ways for such a heavyweight group of investors to generate above-average nominal returns in the present deflationary climate is to exploit currency overshoots. True, this sounds like a case of incurring high risk to secure the higher reward. Yet in the case of Japan, the risks are now mitigated to a remarkable extent.

As the chart clearly shows, the structural appreciation of the yen on a trade weighted basis is phenomenal - a far more extreme phenomenon, in fact, than the appreciation of the dollar in the first half of the 1980s. Such is the damage wrought by the overvalued yen on the domestic economy that it is safe to say that policy will have to continue adjusting in order to restrain the yen's

A yen for appreciation



appreciation, because the alternative is a slump of unheralded magnitude.

The risks should not be ignored. There are those who argue that the dollar is in terminal decline, on the basis of an endemic current account deficit, and with \$500bn of external debt, its role as a reserve currency is said to be

unsustainable. Yet it is hard to see what 'terminal' decline can mean in a currency market, especially when applied to the currency of a country as rich as the US. A current account deficit of 2 per cent of GDP is scarcely overwhelming and the US budget deficit is no great shakes when compared with some of Europe's high spend-

Total return in local currency to 13/4/95\*

	US	Japan	Germany	France	Italy	UK
Cash						
Week	0.12	0.03	0.08	0.18	0.20	0.11
Month	0.51	0.18	0.41	0.75	0.87	0.23
Year	4.34	2.55	5.35	5.91	7.94	5.89
Bonds 3-5 year						
Week	0.40	-0.55	0.07	0.13	0.51	0.48
Month	1.05	1.75	2.08	2.32	1.57	1.84
Year	5.31	0.74	5.03	3.12	0.11	5.31
Bonds 7-10 year						
Week	0.46	-0.61	-0.37	-0.17	0.44	0.43
Month	1.29	3.08	2.20	3.05	2.10	2.80
Year	6.18	7.89	2.26	-0.83	-10.15	4.00
Equities						
Week	0.4	2.1	1.0	0.1	0.3	0.7
Month	3.8	-0.9	-0.4	7.8	-0.8	6.7
Year	17.1	-17.9	-10.5	-8.4	-22.8	4.4

ers (see chart).

Indeed, looked at from a Japanese perspective, there is one modest compensation for the lack of US concern over the dollar. Because the external sector is relatively small and the dollar acts as a numeraire for commodity prices, the inflationary damage from further devaluation is not so daunting.

GDP ratios. D-Mark-related assets, meantime, look expensive because the D-Mark is itself the subject of an incipient bubble.

The clinching argument for contrarian behaviour is sheer size. The life insurance companies alone have assets of \$2,000bn or so, which could arguably make a positive judgment on dollar assets self-fulfilling.

But they will not make the judgment, partly because of regulatory constraints on investing in foreign assets, but more because the whole culture of Japan is, to coin a phrase, the opposite of contrarian. It requires official prompting, in the shape of further deregulation and a commitment by the Bank of Japan to embark on unlimited, unsterilised intervention in the foreign exchange market.

Until that happens, it would be foolish to rely on the Japanese to act as stabilising speculators. Or, for that matter, on US institutional investors.

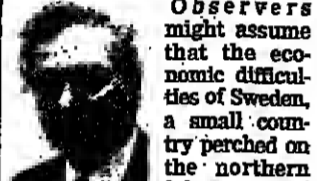
The US cultural hang up consists of paying too much atten-

tion to theoretical arguments for international diversification. This argument becomes self-fulfilling prophecies because the resulting capital outflows depress the dollar, so enhancing the value of foreign assets. And because many developing countries have been forced to offset the impact of US capital inflows on their own markets by accumulating dollar reserves, there is further downward pressure on the dollar as US investors panic out of emerging markets, and the reserves are run down.

When the turn in the dollar-yen rate finally comes, US pension fund trustees will observe that the currency markets have delivered a disproportionate amount of their total return.

Their fund managers will tell them, as the dollar appreciates, that they should be grateful for the resulting underperformance because it has been achieved at a lower degree of risk than would otherwise have been the case. They will then be dispatched to other darkness in search of a new theory - and the Japanese will reap the rewards as the dollar soars.

But here we are in the realms of speculation. For the moment the Japanese motto is a more materialistic version of St Augustine's: please God make me money, but not yet.



Economic Eye / Martin Wolf

## The limits of socialism

Observers might assume that the economic difficulties of Sweden, a small country perched on the northern fringe of Europe, are of modest importance. They would be wrong. Sweden's difficulties are as significant, in their way, as the death of Soviet communism. They mark the outer limit of social democracy.

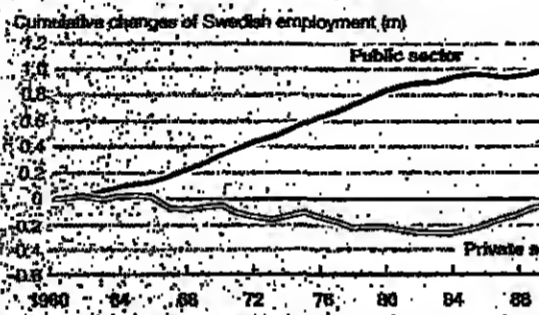
With the revisionism of the German socialist, Eduard Bernstein, in the late nineteenth century, socialism split into democratic and totalitarian varieties. Nobody should have found gulag socialism attractive (though a depressingly large number did). Social democracy is a different matter, since it promises the prosperity of capitalism, the openness of democracy and the security of socialism.

Since the Social Democrats have been in power for most of the last 60 years, it is in Sweden that democratic socialism has reached its apotheosis. The "Swedish model" has been characterised as "the centralised and peaceful way of solving conflicts in the labour market, the full employment policy and the centralised organisation of society." Other observers describe the ideology of the Social Democratic Party as a "mix of corporatism, welfare, non-market oriented regulation, full employment, a large public sector and strong all-encompassing unions."

Under socialism, economic activities are nationalised; under social democracy, incomes are collectivised. Enterprises have remained private in Sweden, but a majority of voters obtain their incomes from the state.

Until 1970, Sweden had been outstandingly successful. Over the previous 100 years GDP per man hour rose faster than in any other significant OECD

What active labour market policy?



country. Since 1970, however, GDP growth has been only slightly more than half the OECD average. As a result, Sweden's purchasing power parity adjusted income per head fell from the third highest to fourth in 1991.

Until 1990, however, Sweden had low unemployment and an exceptionally equal distribution of income. Then came the deluge. The contraction of the Swedish economy between 1990 and 1993 was worse than in any OECD country, except Finland. GDP fell 5 per cent over these three years; industrial output shrank 18 per cent; gross capital formation fell almost a third; employment fell 12 per cent; the rate of joblessness reached over 14 per cent; and the fiscal deficit rose to 13 per cent of GDP.

Sweden's chronic ailments had suddenly turned critical. In the process several propositions were revealed as mythical, among them the view that active labour market policies guaranteed low unemployment. The summary paper of a US-Swedish joint research project labels the 5.5 per cent

of GDP spent on these policies "an expensive luxury".

Sweden enjoyed low unemployment not because of labour market policies but because the public sector was employer of last resort (see chart). As is noted in that summary paper, "all employment growth in Sweden since the early 1960s has been in services provided by local government. All of it has been by women." What has, in fact, been most active in the labour market has been the nationalisation of household services.

"In Sweden," notes Professor Sherwin Rosen of the University of Chicago, "a large fraction of women work in the public sector to take care of the children of other women who work in the private sector to care for the parents of the women who look after their children."

As a result of such policies, the ratio of public sector spending to GDP rose from 31 to more than 70 per cent between 1960 and 1993, while the number of public employees rose from 500,000 to 1.5m, to reach a third of the total.

## COMMODITIES

### Zinc market nears milestone

The zinc market could pass a psychologically important milestone today on its return journey from the slough of despond.

Fourteen months ago zinc was the dubious distinction of becoming only the second base metal to see its stocks total in London Metal Exchange registered warehouses pass the 1m-tonne mark.

The climb continued until early October, when a peak of nearly 1.24m tonnes was reached. But there has been an almost uninterrupted down-

ward trend this year and the announcement of anything more than a 175-tonne fall this morning will take the stockpile back into six figures.

Though that might be of only arithmetical interest it could be seen as a promising augury for Thursday's meeting of the International Lead and Zinc Study Group's statistical committee, at which production and consumption projections for the rest of this year will be issued.

The zinc market did not participate in the strong rise seen

by many metals last year (though lead, its sister metal, did) but neither has it fallen back so much. When stocks passed 1m tonnes the three months delivery stood at slightly more than \$1,030 a tonne and when they peaked it was close to \$1,070, where it is again now, having briefly topped \$1,200 in January.

Weighing on zinc market sentiment has been the failure of producers to respond in sufficient numbers to the market's depression by mothballing capacity. But there have recently some signs of movement.

Notably, Japan's Mitsubishi is reported to be likely to withdraw from smelting, because of the strength of the yen against the dollar.

"Most zinc smelters in Japan are in the red, due to the yen's surge since earlier this year," a metal industry analyst told the Reuters news agency last Thursday. "Others may follow the Mitsubishi move, cutting metal output or considering a withdrawal in the worst cases."

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Figures in parentheses show number of lines of stock

	US Dollar Index	Day's Change %	Point	Yen Index	DM Index	Local Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Day's Change %	Point	Yen Index	DM Index	Local Index	Local % chg on day	Gross Div. Yield
Australia (65)	173.52	0.1	180.48	91.39	125.40	155.82	0.0	3.89	173.29	0.1	180.17	91.53	125.12	155.62	0.0	3.89
Austria (27)	185.89	-0.1	171.89	97.87	134.25	164.21	0.0	1.29	185.89	-0.1	171.89	97.87	134.25	164.21	0.0	1.29
Belgium (18)	176.70	0.0	174.80	98.45	135.04	163.04	-0.0	0.95	176.70	0.0	174.80	98.45	135.04	163.04	-0.0	0.95
Canada (103)	136.51	0.0	101.81	57.57	78.40	103.54	0.0	1.78	136.51	0.0	101.81	57.57	78.40	103.54	0.0	1.78
Denmark (33)	136.51	0.0	128.25	71.90	98.88	135.28	0.0	2.05	136.51	0.0	128.25	71.90	98.88	135.28	0.0	2.05
Finland (24)	136.51	0.0	128.25	137.05	130.28	104.87	-0.0	1.83	136.51	0.0	128.25	137.05	130.28	104.87	-0.0	1.83
France (101)	149.51	-0.1	188.88	96.72	132.70	164.88	0.0	1.45	149.51	-0.1	188.88	96.72	132.70	164.88	0.0	1.45
Germany (69)	149.51	-0.1	188.88	96.72	132.70	164.88	0.0	1.45	149.51	-0.1	188.88	96.72	132.70	164.88	0.0	1.45
Hong Kong (65)	245.25	0.0	245.25	117.30	161.07	192.27	0.0	3.33	245.25	0.0	245.25	117.30	161.07	192.27	0.0	3.33
Italy (59)	70.49	1.5	65.18	37.12	50.94	89.78	1.5	1.71	70.49	1.5	65.18	37.12	50.94	89.78	1.5	1.71
Japan (483)	135.47	-1.5	148.76	81.88	112.35	167.88	-1.5	1.89	135.47	-1.5	148.76	81.88	112.35	167.88	-1.5	1.89
Malaysia (37)	135.47	-1.5	148.76	81.88	112.35	167.88	-1.5	1.89	135.47	-1.5	148.76	81.88	112.35	167.88	-1.5	1.89
Netherlands (19)	288.01	0.0	430.90	258.78	322.32	469.85	0.1	1.74	288.01	0.0	430.90	258.78	322.32	469.85	0.1	1.74
New Zealand (14)	215.54	-0.1	220.12	125.35	172.00	168.05	0.0	3.79	215.54	-0.1	220.12	125.35	172.00	168.05	0.0	3.79
Norway (23)	215.54	-0.1	220.12	125.35	172.00	168.05	0.0	3.79	215.54	-0.1	220.12	125.35	172.00	168.05	0.0	3.79
Singapore (46)	244.16	-0.1	318.23	181.26	248.70	271.08	0.0	2.50	244.16	-0.1	318.23	181.26	248.70	271.08	0.0	2.50
South Africa (59)	244.16	-0.1	318.23	181.26	248.70	271.08	0.0	2.50	244.16	-0.1	318.23	181.26	248.70	271.08	0.0	2.50
Spain (39)	136.07	-0.4	125.84	71.68	98.88	135.28	0.0	2.16	136.07	-0.4	125.84	71.68	98.88	135.28	0.0	2.16
Sweden (48)	136.07	-0.4	125.84	71.68	98.88	135.28	0.0	2.16	136.07	-0.4	125.84	71.68	98.88	135.28	0.0	2.16
Switzerland (47)	136.07	-0.4	125.84	71.68	98.88	135.28	0.0	2.16	136.07	-0.4	125.84	71.68	98.88	135.28	0.0	2.16
United Kingdom (203)	206.50	-0.1	192.84	108.71	150.85	208.11	0.0	3.23	206.50	-0.1	192.84	108.71	150.85	208.11	0.0	3.23
World Ex. Japan (179)	187.77	0.0	187.77	108.71	150.85	208.11	0.0	3.23	187.77	0.0	187.77	108.71	150.85	208.11	0.0	3.23
USA (519)	187.77	0.0	187.77	108.71	150.85	208.11	0.0	3.23	187.77	0.0	187.77	108.71	150.85	208.11	0.0	3.23
America (559)	187.77	0.0	187.77	108.71	150.85	208.11	0.0	3.23	187.77	0.0	187.77	108.71	150.85	208.11	0.0	3.23
Europe (741)	187.77	0.0	187.77	108.71	150.85	208.11	0.0	3.23	187.77	0.0	187.77	108.71	150.85	208.11	0.0	3.23
Nordic (138)	187.77	0.0	187.77	108.71	150.85	208.11	0.0	3.23	187.77	0.0	187.77	108.71	150.85	208.11	0.0	3.23
Pacific Basin (822)	187.77	0.0	187.77	108.71	150.85	208.11	0.0	3.23	187.77	0.0	187.77	108.71	150.85	208.11	0.0	3.23
Europe-Excl. UK (519)	187.77	0.0	187.77	108.71	150.85	208.11	0.0	3.23	187.77	0.0	187.77	108.71	150.85	208.11	0.0	3.23
Europe Ex. UK (519)	187.77	0.0	187.77	108.71	150.85	208.11	0.0	3.23	187.77	0.0	187.77	108.71	150.85	208.11	0.0	3.23
Pacific Ex. Japan (238)	187.77	0.0	187.77	108.71	150.85	208.11	0.0	3.23	187.77	0.0	187.77	108.71	150.85	208.11	0.0	3.23
World Ex. US (177)	187.77	0.0	187.77	108.71	150.85	208.11	0.0	3.23	187.77	0.0	187.77	108.71	150.85	208.11	0.0	3.23
World Ex. Japan (179)	187.77	0.0	187.77	108.71	150.85	208.11	0.0	3.23	187.77	0.0	187.77	108.71	150.85	208.11	0.0	3.23
The World Index (2281)	187.77	0.0	187.77	108.71	150.85	208.11	0.0	3.23	187.77	0.0	187.77	108.71	150.85	208.11	0.0	3.23

# Summary Audited Financial Data

## SUMMARY AUDITED FINANCIAL DATA

(All Rupiah figures are in Millions and all US\$ are in thousands, except earnings per share)

	December 31 1994		December 31 1993		Growth
	(Rp)	(US\$)	(Rp)	(US\$)	%
Total Assets	821,913	373,597	405,214	192,045	103
Loans	701,820	319,009	280,337	132,861	150
Deposits	550,340	250,155	283,186	134,211	94
Stockholder's Equity	132,120	60,055	54,815	25,979	141
Interest Income	100,425	45,648	41,386	19,614	143
Interest Expense	61,014	27,734	24,927	11,814	145
Net Interest Income	39,411	17,914	16,459	7,800	139
Non Interest Income	2,316	1,053	934	443	148
Profit Before Tax	19,027	8,649	5,033	2,385	278
Net Profit	16,566	7,530	4,685	2,220	254
Proforma Earning Per Share*	267	0.12	155	0.07	72
USD 1 =	2,200		2,110		

Note: \* Full amount in Rupiah based on weighted average of 62 million shares for December 31, 1994 and 30.2 million shares for December 31, 1993

Total loans outstanding advanced 150%, deposits grew 94% and net profit achieved a 254% increase. Assets rose 103% while capital base increased 141%. Return on Average Assets was 2.7%, Return on Average Equity was 17.7% and Earning per Share was up 72%.

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## WORLD BOND MARKETS: This Week

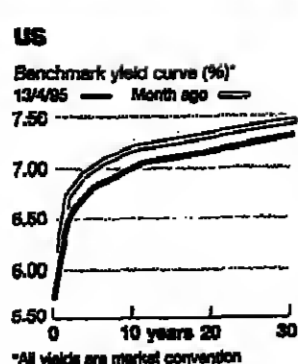
## NEW YORK

Richard Tomkins

The dollar's weakness has tripped up the rally in US bond prices in recent weeks, yet economists remain bullish on the outlook.

Economic data continue to suggest growth is continuing slowly enough to keep inflation under control; leading inflation indicators have taken a turn for the better; and the threat of another Federal Reserve tightening is fading. Salomon Brothers says benchmark yields are still attractive relative to surveys of long-term inflation expectations, averaging less than 3% per cent. Donaldson, Lufkin & Jenrette predicts that the 30-year bond will be yielding 7.25 per cent or slightly less at the end of the year.

This optimism could take a hit if there are signs of stronger-than-expected growth in the second quarter, so today's figures for housing starts in March will be closely watched. The median forecast from MMS International is for a rise in the seasonally



adjusted annual rate from 1.32m in February to 1.35m. However, this rise can probably be attributed to mild weather, and there is little evidence that demand will remain buoyant. Other figures that could affect the market are those for unemployment claims on Thursday and the latest Philadelphia business outlook survey, but the bulls believe both will bring further evidence that economic growth is under control.

## LONDON

Richard Lapper

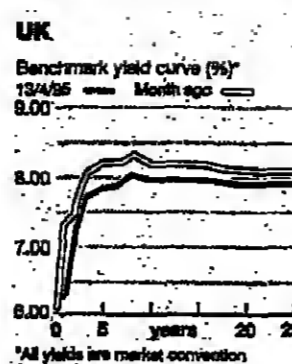
Gilt gains ground last week, partially as a result of a firmer US market.

By the beginning of the Easter holiday, 10-year yields were 7 basis points lower than at the end of the previous week.

The markets are sceptical about further scope for price rises, with some analysts arguing that institutional buyers are unlikely to return to the market in force at present price levels.

According to Mr Andrew Roberts, analyst with UBS, gilts are expected to underperform core markets in this condition, given the unwillingness of domestic investors to support the market at current levels.

The short end of the market is expected to be sensitive to retail sales data due to be published on Friday, says Mr Roberts, who expects the yield spread between two-year and 10-year paper to fall from its



present level of 59 basis points. Tomorrow, the market will focus on the publication of the minutes of the meeting on March 8 between Mr Kenneth Clarke, Chancellor of the Exchequer, and Mr Eddie George, Governor of the Bank of England, with speculation about a further increase in base rates likely to intensify. PSBR numbers for March are due to be published on Thursday.

## FRANKFURT

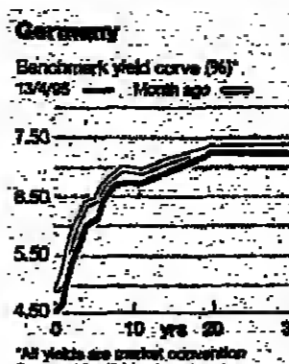
Andrew Fisher

The Bonn government patted itself on the back last week when Germany's six leading economic institutes pronounced on the economy.

In spite of the weakness of the dollar and other currencies against the D-Mark, and the consequences for exporters, the economists held to their forecast of 3 per cent economic growth this year. Ministers took this as an endorsement of their policies.

However, they chose to ignore the criticism of government tax and fiscal policies. The institutes disliked the way the government handled tax changes aimed at helping the lower end, accusing it of ignoring its own tax commission.

For financial markets, keenly watching the actions of governments, this could be a sign that Germany's "safe haven" status cannot last for ever. If the tax system remains confused — with rates too high and with too many distorting allowances and concessions —



and spending is not reduced adequately, a reduction in the fiscal burden will be hindered. The institutes also said the heavier pensions and unemployment burden since reunification should not simply be financed through higher contributions; they should be paid for out of taxes. This would cut industry's social costs and help create jobs. The Bundesbank is likely to make similar warnings in its annual report this week.

## TOKYO

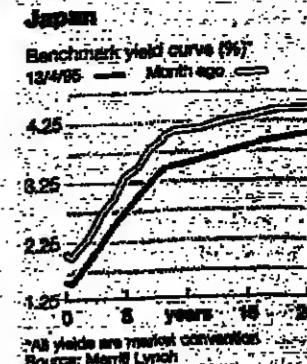
Eniko Terazono

Bond prices received a boost from last week's cut in the official discount rate, and from a sharp decline in the overnight call rate on the short-term money markets yesterday.

Following the 0.75 percentage point cut in the ODR, to a record low 1 per cent, traders had expected the overnight call rate to fall around 1.4 or 1.5 per cent. However, the Bank of Japan yesterday provided extra funds, indicating it is likely to press commercial banks further to lower their short-term prime lending rates.

Aside from the ODR cut, the lack of response from the stock and currency markets to the government's emergency economic package also supported bond prices. Yields have discounted the immediate impact of the yen's strength on investor and business confidence.

Mr Masahiko Seta, of Sanwa Bank's capital market trading division, says bond prices are



continuing to discount the deteriorating outlook for the economy. Market participants are focused on the central bank's quarterly economic outlook, which is released on Friday, which will give further indications of the bank's perception of the economy. It has revised its outlook to the past few weeks and investors will be looking for further subtle changes in the wording of its report.

## African bonds

## Ghana prepares for leaner donor days

Ghana is set to become the second sub-Saharan African country to have an international bond market.

Plans for its launch later this year will be discussed this week by representatives of the Ghana stock exchange, stock-broking firms, merchant banks, the Bank of Ghana (the country's central bank) and the finance ministry.

South Africa is currently the only sub-Saharan African country with such a market.

Ghana's move comes almost five years after it opened an equity market. Some 18 companies, with a market capitalisation of about \$20m, are listed on the Ghana stock exchange. The dominant listing is that of Ashanti Goldfield, the mining group which is also quoted on the London Stock Exchange.

Mr Yebo Ama, managing director of the stock exchange, said: "We have had a stock exchange for nearly five years and we thought this was the logical step in providing a broader range of products."

The government hopes the new market will not only help it raise funding, particularly

for long-term development projects, but that it helps it prepare for a time when it can no longer rely on international donor aid. However, not all investors agree with the timing of the move.

The new market, which is being set up by the stock exchange as part of its own operations, will eventually trade a wide range of products including government, corporate and municipal bonds, as well as mortgage-backed securities.

Mr Donald Jones, an independent consultant engaged by the World Bank to advise on the project, said: "There is already a viable money market in commercial paper and treasury bills, so the foundation has already been constructed for the early implementation of a bond market."

Mr Jones believes the Bank of Ghana will be the first issuer of long-term debt, possibly with a five-year maturity bond. "This will offer a benchmark against which other products such as municipal and corporate bonds can be priced," he said.

Like many African countries, Ghana has relied on export proceeds and multilateral and bilateral aid to fund public expenditure. Government borrowing in the market has been through the sale of short-term treasury bills, the longest with a maximum maturity of only two years. Discount houses and commercial banks have been the main buyers.

Mr Victor Selormey, deputy minister of finance, said: "There is a serious bottleneck in government funding activities. We think the way forward is to issue bonds. It will help us raise large sums of money and enable us to plan our expenditure, without us having to rush into deficit financing." The move would also relieve the central bank of the need to issue short-term treasury bills, he said, especially as there was no viable secondary market for them. "It will not reduce short-term borrowing completely, but it will reduce it over time."

Ghana has won the confidence of the international donor community and agencies such as the World Bank and

the International Monetary Fund in recent years for not only pulling the economy out of a downward spiral, but also for introducing measures to liberalise and expand it. Gross domestic product is expected to grow by 5.5 per cent this year.

In spite of such progress, international donor funding will continue to play a vital part in government spending over the next few years. But, says Mr Selormey, "there will come a time when donor funding will not be enough for the things we want to do."

Mr Ken Ofori-Atta, chairman of Databank Brokerage, a local stockbroker, said a bond market was necessary "if we are to maintain the momentum towards achieving a fully fledged capital market". Databank plans to launch the first bond fund to coincide with the opening of the market. "This will enable retail domestic investors and international investors to get into this market easily," said Mr Ofori-Atta.

News of the launch has been welcomed by some international investors. Mr Kofi Buck-

nor, executive director for Africa at Lehman Brothers, the US investment bank, said: "It's something I've been in favour of for a long time. If you don't have a fixed-income market you can't price long-term assets — thus you can't attract long-term money. It's the key to pricing long-term assets."

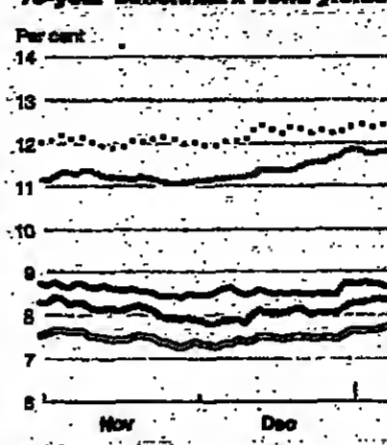
However, Mr John Taylor, Africa analyst at Morgan Grenfell, the UK merchant bank, suggested Ghana should concentrate on improving its equity market first.

"I think they still have to improve the structure of the market as a whole. The quality of the brokers is still poor, and the costs of trading in that market are extremely high. I also think more companies should be listed. I think moving into bonds at this stage is premature," he said.

The Ghana market is meeting some of the criticisms Mr Ama said more companies would be listed this year, and he referred to the impending government sale of three banks later this year.

Joel Kibazo

## 10-year benchmark bond yields



## INTEREST RATES AT A GLANCE

	USA	Japan	Germany	France	Italy	UK
Discount	5.25	1.75	4.00	4.44	8.25	5.75
Overnight	5.94	1.84	4.44	7.83	10.06	6.88
Three month	5.75	1.83	4.50	7.93	10.50	6.88
One year	6.13	1.90	4.75	8.81	11.31	7.44
Five year	6.81	2.74	5.54	7.35	13.19	7.17
Ten year	7.23	3.46	5.88	7.78	13.31	8.31

(1) Federal Reserve rate. (2) UK Bank rate. Source: Reuters.

## US TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	105-18	105-18	+0-13	105-24	105-16	330,447	593.64
Sep	105-05	105-03	+0-12	105-08	105-09	2,105	18.616
Dec	104-26	104-23	+0-12	104-26	104-21	32	1.578

## Government bond markets

## Concern grows over Sweden's health

The decision last week by Moody's, the US credit rating agency, to remove its coveted triple-A rating from Canada's domestic debt and lower the rating on Ottawa's foreign debt, has again highlighted the difficulties faced by the higher-yielding government bond markets.

Ironically, the decision has come at a time when these markets are enjoying something of a respite after a generally dismal start to the year. And it is particularly unfortunate for Canada, whose immediate prospects are viewed more favourably by the markets than those for other European high yielders such as Italy, Sweden and Spain.

Moody's reduced its ratings on Canada's domestic borrowings to AAI from AAA and on the foreign debt to AA2 from AAI, arguing that "the level of uncertainty in forecasting the medium and long-term fiscal position of the public sector warranted the rating reduction".

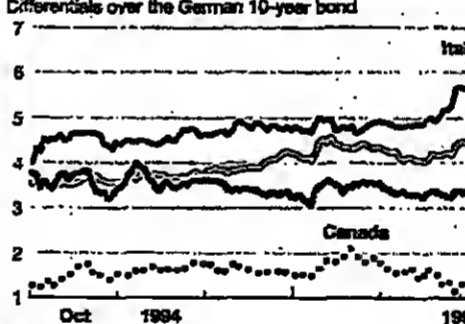
Accumulated debt of the federal government and the 10 provinces has risen sharply in recent years, and now totals C\$900bn, or about 120 per cent of gross domestic product, one of the highest ratios among industrial countries.

Moody's cautioned that public sector debt had grown to the point where any deviation from a medium-term stabilisation programme, however temporary, could have "very negative" financial consequences.

However, investors in Canada's bond markets clearly take a more positive view of the country's prospects. Canada's bond yields, at 164 basis points over US Treasuries and 180 over the Bund, mean the mar-

## The higher yielding bond market

Differentials over the German 10-year bond



ket is rated more highly than Europe's high yielders. Although prices dipped sharply in the first three weeks of 1995 partly due to uncertainty stemming from Mexico's financial problems — they have since recovered impressively, with yields on 10-year paper falling from a high of 9.85 per cent on January 19 to 8.65 per cent last Thursday.

The markets have been impressed by the commitment of central and provincial governments to cut budget deficits; they also like signs that with elections due, a political consensus is emerging in favour of fiscal conservatism.

All parties are fighting elections on that platform. It resonates with voters, says Michael Dell, bond analyst with UBS. "There appears to be a fundamental shift towards more conservative economic policies."

Six of Canada's 10 provinces have recently announced balanced 1994-95 budgets. By contrast, the markets are more concerned about Italy, Sweden and Spain. Italy has been the poorest performer of the three so far this year,

mainly reflecting currency weakness — the lira has fallen about 15 per cent against the D-Mark since the start of the year and broader political instability. Yields on Italian 10-year bonds have risen from 12.38 per cent at end-December to 13.49 per cent last Wednesday, with the yield spread of the BTP over the bund increased to more than 900 basis points at the beginning of last month.

Over the same period, Swedish and Spanish bonds have fared better. Even so, prices of 10-year paper have fallen, with yields rising from 11.86 to 12.05 per cent in Spain, and from 10.9 to 11.32 per cent in Sweden.

Arguing that Italy's difficulties are reflected in the price, some analysts are more worried about prospects for Sweden and Spain. In Spain, rising inflation, and budget and political problems are all giving rise to concerns. March consumer price figures showed inflation had risen to an annual rate of 5.1 per cent, from 4.3 per cent at the start of the year, although much of the increase is due to a rise in val-

ue-added tax in February. The fiscal deficit — 6.7 per cent of GDP for 1994 — is also worrying the markets. Mr Graham McDermott, bond strategist at Paribas Capital Markets, also points to problems of supply for bond traders, with no new issues since last summer.

In Sweden, the markets shrugged off the impact of rises in the discount and lending rates by the Riksbank last week, with yields falling 7 basis points on Wednesday. But investor concern about the underlying health of the bond market is growing.

Mr McDermott says the markets were too optimistic on fiscal and debt problems last year. "Back in the fourth quarter people were thinking the government (which came to power in September last year) was in control and ahead of the game. The market has realised it was taking too optimistic a line on the debt problem," he said.

A supplementary budget, scheduled for April 25, will provide a focus for these worries, with analysts suggesting the scale of budget cuts is unlikely to meet the SFR30bn level favoured by the markets.

Some even fear the decline this year in the krona — which has lost 10 per cent against the DM — coupled with Sweden's relatively high external indebtedness (more than a third of government debt is denominated in overseas currencies), could make it more difficult for Sweden to service debt.

Pointing to that relationship, Mr Michael Burka, senior economist at Citibank, says that Sweden "could be trapped in a downward spiral".

Richard Lapper

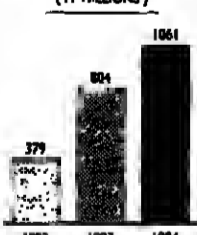
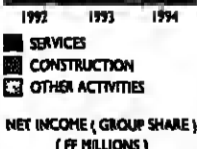
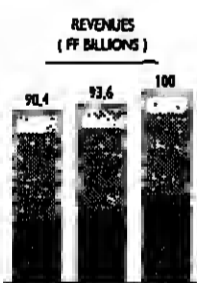
## LYONNAISE DES EAUX 1994: GROWTH IN RESULTS

REVENUES: FF 100 BILLION (+7%)  
NET INCOME: FF 1,061 MILLION (+32%)

At its meeting of April 12, 1995, chaired by Mr Jérôme Monod, the Board of Directors of Lyonnaise des Eaux reviewed the accounts for the 1994 fiscal year.

## Steady growth in results

• Business progression • Sharp improvement in financial indicators • Strengthened balance sheet



## Continued development

- Global growth in revenues from services which stood at FF 44 billion, representing 44 % of total revenues (practically in line with the construction sector);
- Acceleration of Group internationalization (43 % of total Group activity), particularly in the water supply sector, with a satisfactory take-off of large contracts won over the last two years (in Argentina, Malaysia and Germany) and new contracts won or currently under negotiation in China, Southeast Asia and Latin America;
- Reorganization of the construction sector, with the entire Dumez-GTM civil engineering company now placed under GTM-Entrepose;
- Significant reduction in losses borne by the property development sector: a loss of 398 million francs was recorded, compared to 717 million in 1993;
- Strengthened positions in the communications sector: M6 posted good results and cable activities were expanded, in particular with the acquisition of the Caisse des Dépôts cable networks, making Lyonnaise des Eaux France's leading cable operator.

## Shifts in Group policy: code of ethics, board sub-committees, social issues.

- Setting up of a charter redefining Group values and drawing up of codes of ethics for all Group companies.
- Setting up of three sub-committees within the Board of Directors: Ethics Committee, Salaries and Benefits Committee, Audit Committee.
- Further expansion of employee shareholding through company savings plans: proposal submitted to the Annual General Meeting for authorization to increase the employee shareholding in Lyonnaise des Eaux from 3 to 5 %.
- Signing of an agreement with French and European trade union organisations to set up a European Committee for Social Dialogue in order to promote discussion regarding the Group's economic and social activities at European level.

## Members of the Board of Directors

The Board of Directors has appointed Mr Didier Pfeiffer to replace Mr Jacques Friedmann, who is resigning. The Board will propose to the Annual General Meeting that Messrs Claude Pierre-Brossolote, Jean Gandois and Jean Peyrelevade be re-elected and that Mr Jacques Lagarde be elected to the Board to replace Mr Jean-Yves Haberer who has resigned. The successor to Mr Philippe Malek, who will soon become ineligible on the grounds of age, has been chosen by the Board; due to official procedures of his company, his name will only be made public in the next few days.

## Dividend

The Board of Directors will propose to the Annual General Meeting that the dividend be increased to FF 17.25 per share (including tax credit) as compared with FF 16.50 in 1993. Shareholders will have the option of receiving this dividend in shares.



مركزنا من الامارات

## News round-up

...and the fact that the *Journal of the American Medical Association* is the most widely read journal in the medical profession, the *Journal of the American Medical Association* is the most widely read journal in the medical profession.

We've increased our Executive Class seat pitch to 50 inches for flights from London and Paris to Tokyo.

## EQUITY MARKETS: This Week

## NEW YORK

Lisa Branstetter

## Economic slowing keeps party going

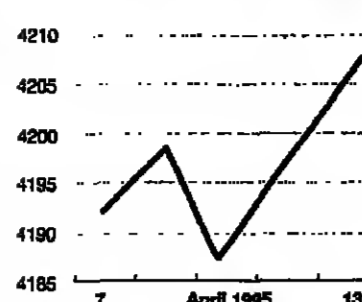
Festivities began over the three-day weekend may last the week as investors play catch-up with economic data released on Friday and react to a new round of strong first-quarter earnings reports.

The market opened strongly yesterday morning as traders celebrated a new sign of economic slowing in the form of a 0.3 per cent drop in industrial production for March. The news validated the strengthening view that the Federal Reserve has finished, or nearly finished, tightening monetary policy.

That sentiment, combined with a rising tide of companies reporting stronger-than-expected earnings reports, should help Wall Street retain its bullish tone for the rest of the week.

There could be a bit of humpiness on the market if data released this week show a bit of a rebound from recent

Dow Jones Industrial Average



Source: FT Graphite

weakness. Economists are divided about whether March housing starts figures to be released today will be weaker or stronger than the declines posted in the first two months of the year.

Particularly troubling could be a rebound in the data on business activity for April collected by the Federal Reserve Bank of Philadelphia. Mr Bill Sharp of securities house Smith Barney believes the index will edge higher, to 5.0, in April, above the 3.3 recorded in March but well below the 30.4 peak last October.

## LONDON

Terry Byland

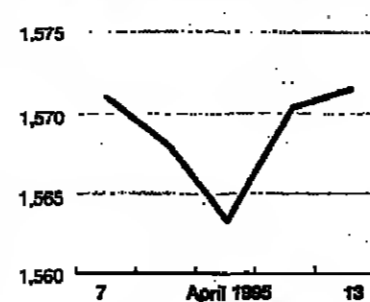
## Base rates threaten quiet confidence

It would be a pity if the domestic retail price data, published on the eve of the Easter break, upset the confident mood among UK market analysts. The desultory trading performance in the pre-Easter week can be discounted: fund managers and marketmakers alike were simply not interested in making waves while they awaited news from Tokyo on interest rate and currency proposals.

Beneath this lethargy, traders sounded confident. The dollar's problems were being tackled. Valuations of the UK equity market continued to signal that a rally was "long overdue", according to BZW.

Lack of investment cash was a problem, with BZW predicting that institutional cashflow may show a further fall to around \$41bn in 1995, against its original forecasts of \$51bn. But the \$5bn-plus cash from Glaxo's acquisition of Wellcome would help

FT-SE-100 All-Share Index



Source: FT Graphite

that problem. That prospect depends on the near-term outlook for interest rates. The March retail price numbers were stronger than the market liked, and a hike in base rates is now expected sooner rather than later. May 5, just after the local elections, has been pencilled in.

The market may have picked the wrong date, but that will not prevent base rate apprehension from holding share prices back in post-Easter trading. This does not offer it much comfort, when today it faces the implications of the Japanese package.

## Global share offers

## Repsol deal augurs well for Portugal Telecom

The international equity market desperately needs some sizzling new issues to help it break out of its deep depression. Could the forthcoming privatisation of Portugal Telecom do the trick?

The investment banks arranging the international tranche of the Portugal Telecom sale - Merrill Lynch, UBS and S.G. Warburg - can hardly believe their luck. After several soul-destroying months when offerings were unceremoniously withdrawn or scaled down because of poor investor demand, the market finally saw a successful deal last week. What's more, it was Spanish.

The Spanish government's sale of shares in the oil and gas group Repsol has not only brought the Iberian peninsula to the attention of international investors, it has also provided a positive backdrop for the Portuguese government's first privatisation deal since its badly-handled sale of shares in Cimpor, the country's largest cement producer.

Cimpor was a flop mainly because of the decision to fix the issue price of the shares two months before they were floated. In the interim, the Lisbon stock market fell 15 per cent, which caused the shares to perform badly in the secondary market. As a result, the government's plans to sell a second tranche have been delayed until next year.

With Portugal Telecom, however, the government has adopted international methods. From investor roadshows to bookbuilding, to ensure a successful stock market debut for the company. Next month, it plans to sell between 25 and 30 per cent of Portugal Telecom, which was created last June through the merger of three state-run telecommunications companies.

The sale - the largest to date by a Portuguese company - is expected to raise between \$700m and \$1.2bn equivalent, depending on market conditions. The government hopes placement of the shares will be divided equally between domestic and international investors. It has launched a

high-profile advertising campaign to encourage the Portuguese to move their savings out of bonds or time deposits into Portugal Telecom shares.

Equities are not widely held in Portugal, and a quick look at the recent history of the stock market explains why. Only 20 years ago the market was closed for three years after the 1974 revolution. Even after it re-opened, there was hardly any trading until 1986 when Portugal entered the European Union and the government introduced fiscal incentives to encourage privately-owned companies to seek listings.

The lack of an equity culture in Portugal - only 10 per cent of pension fund assets are in shares - means the government will probably have to rely on international investors to get the deal away.

The task facing the lead managers of the international tranche is to convince clients that Portugal is a viable investment alternative to Spain. No doubt, the country's sound economic fundamentals and political stability will be highlighted as the main attractions.

Portugal is enjoying its lowest inflation rate for 40 years and its unemployment rate is about one third of Spain's. The October general elections are unlikely to cause much uncertainty in the stock market, as the two main political parties share similar views on economic liberalisation and European monetary union.

Currently, the main foreign investors in Portuguese stocks are emerging market funds or dedicated country funds. However, mainstream international investors have been reluctant to get involved, as they believe Portugal still has to make the transition from an emerging market to a fully-fledged European stock market.

Until recently, foreign fund managers did not need to invest in Portugal because it was not included in any of the main indices against which their equity funds are tracked. However, last month Portugal was given a 0.4 per cent weighting in the MSCI's wider European Index of 18 countries, and it should eventually

be included in other leading indices.

Lack of liquidity and of choice in the Portuguese stock market have also hindered foreign investment. The average daily volume is between \$5m and \$10m equivalent, and only 30 per cent of the stock market, which is capitalised at \$18bn, can be freely traded.

Analysts believe the stock market will probably grow by another \$10bn-\$12bn over the next three to four years as most state-owned companies are privatised. In the near term, the flotation of Portugal Telecom will add variety to the market, which is dominated by bank stocks.

Portugal's under-developed economy is one of the main attractions for investing in Portugal Telecom, analysts say. For example, telephone density in the country is 35 lines per 100 households, below the European Union average of 45 lines. The gap is expected to narrow over the next two years.

However, analysts also warn that Portugal Telecom's growth potential should be balanced against the pressure on profit margins likely to emerge in the coming years. When the domestic telecom market is opened to competition in or before 2003, Portugal Telecom will be forced to lower tariffs, which are judged high by international standards.

Bankers involved in the deal stress that the shares must be realistically priced so that they can perform well in the secondary market. A successful offering would also further improve sentiment in the primary equity market.

The Portuguese government would do well to keep this in mind when it sets a price floor for shares in Portugal Telecom later this month.

If it is too ambitious, the offering could well founder, because in recent months international investors have made it clear that they aren't prepared to pay up. A high price would also spoil the government's chances of making an early return to the market.

Antonia Sharpe

## OTHER MARKETS

## JOHANNESBURG

The market is focusing on the March gold quarterlies this week with heavyweights Anglo-American and Gencor, together with the smaller group Randgold, all releasing their figures for the three months to the end of March, writes Mark Suzman.

However, unlike the position at this time last year, when profit levels were still relatively buoyant, the high question on shareholders' minds is how bad the drop will be. Squeezed between lower productivity and a depressed gold price, Gold Fields of South Africa reported dismal results last week, and Anglo and Gencor are expected to be little different.

Mines in both groups have suffered from industrial unrest during the reporting period, and the situation has been exacerbated by extra public holidays - all of this will probably have resulted in significantly reduced production.

"It's unlikely to be good news for the gold index," says one local broker. "Short of a spike in the gold price, things are looking pretty bad."

Another is blunter: "We could be looking at a train

wreck." The only bright spot is that the poor results are almost certain to put extra pressure on the government and unions to allow halting on a Sunday.

## FRANKFURT

The strength of the D-Mark against the dollar during the first quarter of 1995 has been having a significant effect on the German equity market, although underperformance of the Dax index so far this year has been relatively mild, writes John Pitt.

With most brokers taking an underweight position in the market, much depends on what happens to the D-Mark over the next few months as to whether corporate earnings will be good, bad or indifferent.

Should the currency not weaken, a scenario many analysts think unlikely, then there would undoubtedly be a loss of competitiveness among the country's big companies. A further round of restructuring, including staff cuts, could then follow, making an impact on earnings for 1995 and probably 1996 as well.

In a quiet week for corporate news, Daimler-Benz holds its annual news conference and Henkel, its balance sheet press conference tomorrow.

## ZURICH

Swissair holds its annual press conference on the lower-than-expected 1994 results on Thursday and, for the first time, the meeting will be conducted in English in the hope of raising the company's profile among foreign analysts, and ultimately foreign investors. Mr Frederick Hasselauer at Bank Sal

Oppenheim in Zurich is looking for more information about the airline's strategy in non-core businesses and its plans to turn around flight operations, a heavy loss-maker in recent years. Analysts will also be hoping for more information about Swissair's planned acquisition of Sabena, the Belgian airline. Swissair struggled to a SF23m (\$20m) consolidated net profit last year, in the face of the strength of the Swiss franc and weakness in ticket prices.

Meanwhile, first-quarter sales figures are also expected from two of the big three pharmaceutical groups on Thursday, but these are unlikely to be enough to wake a generally sleepy market. Mrs Birgit Kulhoff at UBS expects the strength of the Swiss franc since the start of the year against the dollar, yen and the European currencies will

depress sales figures by about 8 per cent. Thus, a 7 per cent rise in foreign currency sales by Ciba will translate as a 1 per cent decline in Swiss franc terms. Sandoz, benefiting from consolidation of the Gerber acquisition, is likely to see a 19 per cent rise in foreign currency sales, which will translate as a 12 per cent rise in Swiss franc terms.

## MILAN

News of last week's draft accord between the government and trades unions on pension reform gave a welcome boost to insurance and banking stocks, on expectations that both sectors would receive a substantial boost from the widespread introduction of private pension schemes. Optimists may be hoping that at least some of the momentum will be maintained in the coming week; realists point to a virtual absence of liquidity, with domestic investors already fully invested and foreigners deterred by currency considerations. Instead, a quiet week is in prospect in the run-up to next Sunday's all-important regional elections, which could give an indication of the future political landscape.

Mr Paolo Gambarini at Smith New Court, however, expects an inconclusive outcome, with both the Berlusconi coalition and the Left each taking 45 per cent of the vote and the remaining 10 per cent going to the hard left parties.

That would suggest the country will have to wait until October before it can expect to go to the polls in a general election.

Meanwhile, the preliminary estimate of consumer prices for April will be released on Friday. It is expected to show further increase in the headline annual inflation rate, to between 5.1 and 5.2 per cent, reflecting recent indirect tax increases.

## TOKYO

The market will be keeping a close watch for signs that Friday's package of stimulus measures, including an interest rate cut, is having an effect on the yen's strength. Unless the effect is marked, most observers expect the market to weaken further, writes Bethan Hutton.

Few important economic statistics are due, so it is likely the currency markets will continue to be the main factor in market movements.

Compiled by Michael Morgan



## The Long-Term Credit Bank of Japan, Limited & LTCB International Limited

## NOTICE OF CHANGE OF ADDRESS

Notice is hereby given that with effect from 18th April, 1995 The Long-Term Credit Bank of Japan, Limited and LTCB International Limited are returning to their former premises at 55 Bishopsgate, London.

Details for each company are as follows:

### The Long-Term Credit Bank of Japan, Limited (London Branch)

Notice is hereby given to the holders and agents of all Bond and Note issues in which The Long-Term Credit Bank of Japan, Limited is acting as Fiscal Agent, Principal Paying Agent, Agent Bank, Replacement Agent, Paying Agent, Conversion or Warrant Agent, and Process Agent, The Long-Term Credit Bank of Japan, Limited is relocating to:

**55 Bishopsgate  
London EC2N 3AX**

Telephone: (0171) 628-5111

Facsimile: (0171) 814-9855

Telex: 885305 (LTCBLD G)

Swift Code: LTCB GB 22

### LTCB International Limited London

Notice is hereby given to the holders and agents of all Bond and Note issues in which LTCB International Limited is acting as Process Agent and/or to all Swap Counterparties, LTCB International Limited is relocating to:

**55 Bishopsgate  
London EC2N 3AX**

Telephone: (0171) 628-2111

Facsimile: (0171) 814-9888

Telex: 892579 (LTCINT G)



Eurotunnel P.L.C. Registered office: The Adelphi, John Adam Street, London WC2N 6BT Registered in England and Wales No 1940271  
Eurotunnel S.A. Siège Social: 112 avenue Kléber, 75016 Paris, France. Capital 8, 887 915,300 RCS: Paris B 334 192 408

## NOTICES OF MEETINGS

These notices are to holders of Units in bearer form and, for information only, to holders of bearer Warrants

## EUROTUNNEL P.L.C.

Notice is hereby given that the Annual General Meeting of Eurotunnel P.L.C. will be held at the Westminster Central Hall, Storey's Gate, London SW1H 9NH on 31 May at 3pm (London Time) for the following purposes:

1. To receive the Directors' Report and the audited accounts.
2. To re-elect as a Director R. Lio.
3. To re-elect as a Director D. Child.
4. To re-elect as a Director B. Thiolon.
5. To re-appoint the Auditors.
6. To fix the remuneration of the Auditors.
7. Authority to increase the share capital to £414,500,000.
8. Authority to the Directors to allot relevant securities up to an aggregate nominal amount of £16,748,824.
9. Disapplication of statutory pre-emption rights for the purposes of the proposed issue of equity securities to the banks which increased their commitment under the 1990 Revised Credit Agreement.
10. Disapplication of statutory pre-emption rights for the purposes of the proposed issue of equity securities to Swiss Bank Corporation.
11. To amend the Articles of Association.

(\*Special Resolution)

## EUROTUNNEL S.A.

Notice is hereby given that the Combined General Meeting of Eurotunnel S.A. will be held on 19 May 1995 at 112 avenue Kléber, 75016 Paris at 9.30 am (Paris time), and, in the event that a quorum is not obtained the adjourned meeting will be held on 31 May 1995 as soon as the Annual General Meeting of Eurotunnel P.L.C. commencing at 3.00pm (London time) to be held on the same day and at the same place, shall have ended or been adjourned, for the following purposes:

1. To approve the annual accounts for the year ended 31 December 1994 and to grant a discharge to the Directors and Commissaires aux Comptes.
2. To make an appropriation to profit and loss.
3. To approve the contracts listed in the Special Report of the Commissaires aux Comptes drawn up in accordance with article 101 and 103 of the law of 24 July 1960 on commercial companies.
4. To re-elect A. Bénard as a Director.
5. To re-elect G. C. Chazot as a Director.
6. To re-elect D. Child as a Director.
7. To re-elect J. Foulds as a Director.
8. To re-elect R. Lion as a Director.
9. To re-elect R. Malpas as a Director.
10. To re-elect Sir Alastair Morton as a Director.
11. To re-elect P. Ponsolle as a Director.
12. To re-elect B. Thiolon as a Director.
13. To re-elect Lord Tugendhat as a Director.
14. To authorise the Directors to increase the share capital in a nominal amount not exceeding FRF 306,220,580 by issuing shares to Swiss Bank Corporation, shareholders waiving their preferential rights.
15. To authorise the Directors to allot warrants to certain banks which increased their commitment under the 1990 Revised Credit Agreement and to increase the share capital of the Company in a nominal amount not exceeding FRF 91,960,300 by issuing shares resulting from the exercise of such warrants, shareholders waiving their preferential rights.
16. Harmonisation of the Statutes with the provisions of French company law No 94-679 of 5 August 1994.
17. Delegation of powers for the completion of formalities.

## INSTRUCTIONS FOR ATTENDANCE AND VOTING FOR HOLDERS OF BEARER UNITS.

If you intend to attend the meetings in person or to vote by proxy, you must immobilise your Units at least 5 days before the meetings by notifying the bank or other institution through which your Units are held of your intention to attend and/or vote. If you hold certificates in respect of your Bearer Units, the certificates themselves must be deposited for immobilisation with one of the banks listed below at least 5 days before the meetings, you must also obtain from the relevant bank a certificate evidencing such immobilisation which, if you are attending the meetings in person or by proxy, you or your representative must bring to the meetings.

If you intend to attend the meetings in person, you should request an Admission Card through the bank or other institution through which your Units are held. If requested in sufficient time, you should receive your Admission Card before the meetings, in which case please bring it with you. If you do not, you may still attend the meetings provided that your Units have been immobilised and you bring with you suitable evidence of your identity and of the immobilisation of your Units.

If you do not intend to attend the meetings in person, you may exercise your voting rights by using the combined proxy and postal voting form. Copies of proxy and postal voting forms and other documents including the full text of the resolutions to be put to the Meetings sent to registered Unitholders in connection with the Meetings may be obtained from:

English Language - Royal Bank of Scotland Plc. Registrar's Department, PO Box 39, Caxton House, Redcliffe Way, Bristol, BS9 7ZF, England (by post)  
- Salomon Brothers Inc. One New York Plaza, New York New York, 10044 - Citibank, 111 Wall Street, New York New York 10043 - The Nomura Securities Company Limited, 1-9-1 Nihonbashi, 1 Chuo-ku, Tokyo 103, Japan - Enskilda Fondkommission, Norrlandsgatan 15, PO Box 16067, Stockholm 10312, Sweden (available for collection).

Formulaires en français - (par courrier) Banque Indosuez, 96 boulevard Haussmann, 75008 Paris, France - Banque Internationale à Luxembourg, 2 boulevard Royal 2953, Luxembourg - Général de Banque, Montagne du Parc, B-1000 Bruxelles, Belgique et Banque Indosuez Belgique, 40 rue des Colonies, 1000 Bruxelles, Belgique.

A member entitled to attend and vote at the meetings may appoint a proxy to attend and, on a poll, to vote on his/her behalf. To vote at the meeting of Eurotunnel P.L.C. a proxy need not be a member of the Company. To vote at the meeting of Eurotunnel S.A., a proxy must be the spouse of the Unitholder or any other Unitholder.

By Order of the Board  
S. A. Walker FCIS  
Eurotunnel P.L.C.

The Board of Directors  
Eurotunnel S.A.

55 Bishopsgate

## THE WEEK AHEAD

## DIVIDEND &amp; INTEREST PAYMENTS

## YESTERDAY

General Electric \$0.0575  
Quaker Oats \$0.285  
St. Paul Co's \$0.40  
STB Fin Cayman Sb Fxd/FRN  
A '03 \$343.75  
TECO Elect & Mach 2.75% Bd  
'04 \$114.58

## TODAY

Allied Lon Props 5.4% Ov Pl  
2.875  
Boddington 5.69p  
BP Fin Australia 5.4% Bd '98  
\$418.75  
Brad & Bingley Bldg Scty FRN  
'99 \$183.51  
BZW Conv Inv Tst Eq Ind Un  
Ln '96-2002 1.89p  
Conversion 5.25% '05 \$4.75  
Do Port 5.2% Nts '96 \$85.0  
Echlin \$0.205  
Edinburgh Fd Mgrs 16p  
Edinburgh Inc Tst 1p  
Ericsson (JM) 7.4% Bd '97  
\$77.50  
Fluor \$0.15  
Forte FRN '98 \$1827.40  
Hanson 10% Bd '06 \$500.0  
Hydro-Quebec 10.50% Bd. HX  
July '01 C\$52.50  
Do 11.25% Bd. Ser HV Apr 17

## UK COMPANIES

## TODAY

COMPANY MEETINGS:  
Dares Estates, The Great  
Eastern Hotel, Liverpool Street,  
E.C., 12.00  
Group Development Capital  
Trust, Temple Court, 11,  
Queen Victoria Street, E.C.,  
12.00  
Regina, 2a, Alexander Grove,  
Finchley, N., 11.30  
Thomson Pan-European  
Trust, Swan House, 33, Queen  
Street, E.C., 12.00  
BOARD MEETINGS:  
Arlan  
Interims:  
Five Oaks Invs  
Regina  
Upton & Southern

## TOMORROW

COMPANY MEETINGS:  
Anglo & Overseas Tst, 23,  
Great Winchester Street, E.C.,  
11.30  
Burmah Castrol, Balmoral  
Hotel, Princes Street,  
Edinburgh, 11.30  
Crockfords, Smith New Court,  
Farrington Road, E.C., 12.00  
Laporte, Painters' Hall, 9,  
Little Trinity Lane, E.C. 12.00  
Pacific Assets Trust, One  
Charlotte Square, Edinburgh,  
12.30  
Provident Financial, Norfolk  
Gardens Hotel, Bradford, 12.00

## '01 £112.50

Do FRN '99 \$15.80  
ICI 9.4% Bd '05 \$97.50  
Do 10% Bd '03 £100.0  
Jasmine B FR Secd Nts '03  
Y1658437.0  
JDC FRN '96 \$316.44  
Do FRN '97 \$316.44  
Kobe Steel 2.65% Bd '98  
Y265000.0  
Do 3% Bd '99 Y300000.0  
Do 3.2% Bd 2000 Y320000.0  
MEPC 9.7% Bd '04 £98.75  
Do 10.4% '03 £102.50  
Nat West Bank 9% Pl Ser A  
4.5p  
Do Dlr Pl Ser A \$0.532  
Do Dlr Pl Ser B \$0.4375  
Nishio Iwai 6.4% Bd '97  
Y640000.0  
Norway 7.4% Nts '97 \$362.50  
Nova Scotia (Prov) 11.4% Ln  
'19 £5.875  
Sanwa Aust Fin Ftd/Fxd Rate  
Nts '04 \$5242.06  
Scottish Am Inv Eq Ind Un Ln  
'04 1.89p  
Shandwick 0.87p  
SmithKline Beecham 3.9p  
SmithKline Beecham/SmithK  
Beech Units \$0.07746  
Wellington Underwriting 0.6p

## Wills 0.115p

## TOMORROW

BP Div Australia 11.4% Bd '01  
£112.50  
Dixons 11% Bd Apr '95 £110.0  
High-Point 0.5p  
Lonrho Fin FRN '97 \$185.94  
Mersey Docks & Harbour 7.2p  
Metal Bulletin 8p  
Redrow Grp 1.05p  
Wells Fargo FR Sb Nts July  
'97 \$160.84

## THURSDAY APRIL 20

Amrad 1p  
Asda 10.4% Bd '10 £1087.60  
Bayer AG DM13  
Budge's 5% Cv Un Ln '03  
£2.50  
BZW Conv Inv Tst 1.5p  
Continental Foods 1p  
Dixons Fin FRN '97 \$337.71  
Euro Economic Community  
10.9% Nts '95 ECU106.25  
Geni Motors Acc Nts Mar 20  
2000 £41.87  
Gleco \$0.39  
Islington 11.5% Rad '17 £5.25  
Leslie Wise 2.5p  
Linux Printing Tech 0.7p  
Lon & Overseas Freighters

## FRIDAY APRIL 21

COMPANY MEETINGS:  
Alliance Tst, Meadow House,  
64, Reform Street, Dundee,  
12.30  
BBA Grp, Queen Elizabeth II  
Conference Centre,  
Westminster, S.W.,  
11.30  
Ballie Gifford Shin Nippon, 1,  
Rutland Court, Edinburgh,  
12.30  
Bedford (Wm), The Merchants  
Hall, 48, Essex Road, Islington,  
N., 4.00  
Brent Intl, Sheraton Skyline

## \$0.0025

Northern Rock Bldg Scty FRN  
'96 £167.88  
Sarco Group 2.75p  
Yokohama Fin Cayman Sb  
FRN '05 Y904166.0

## FRIDAY APRIL 21

Alexander Hldgs 0.7p  
Do 'A (Res Vtg) 0.7p  
BBL Intl FRN '99 \$148.51  
Close Bros 2.9p  
Commonwealth Bk Aust Und  
Cap Nts \$297.01  
Crest Nicholson 1.4p  
Eurocamp 5.5p  
For & Colonial Enterprise Tst  
0.8p  
Hall Eng 3.775p  
Henderson EuroTrust 1.5p  
Kershaw (A) 120.0p  
Latin Am Ext Yld \$0.18  
Malvern UK Index Tst 2.4p  
Mervale Moore 1.25p  
Murray Inc Tst 2.42p  
Pacific Assets Tst 1.3p  
Patsong Ltd \$0.03  
TR Pacific Inv Tst 0.175p  
TSB Group 10.6% Sb Ln '08  
5.3125p  
Treasury IL 4.4% '04 £2.3343  
Walker (Thomas) 0.18p

## Hotel, Bath Road, Hayes, 10.30

Britannia, The Grovenor  
Hotel, Buckingham Palace  
Road, Victoria, S.W., 10.15  
Gartmore Emerging Pacific  
Inv Tst, Gartmore House,  
16-18, Monument Street, E.C.,  
12.30  
Relyon Grp, Station Mills,  
Wellington, Somerset, 12.00  
Seaford Resources, RAC  
Club, Pall Mall, S.W., 11.30  
TDS Circuits, Whitebirk  
Estate, Blackburn, Lancashire,  
12.00  
Transport Development Grp,  
Church House Conference  
Centre, Westminster, S.W.,  
12.00  
BOARD MEETINGS:  
Finals:  
Bullers  
How Grp  
North Atlantic Small Co's Tst  
Slingsby (HC)  
Interims:  
Lowland Inv

## SATURDAY APRIL 22

COMPANY MEETINGS:  
Vitalcity, The Weatherby  
Centre, Bigglesfield,  
Bedfordshire, 11.00  
Company meetings are annual  
general meetings unless  
otherwise stated.  
Please note: Reports and  
accounts are not normally  
available until six weeks after  
the board meeting to approve  
the preliminary results.

## República Federativa do Brasil

Phone in Series DL due April 15, 2004  
Debt Conversion Bond Series L  
due April 15, 2002

New Money Series L and U  
due April 15, 2003  
Discount Bond Series 21 and 22  
due April 15, 2004

Series L Bonds due April 15, 2005

For the interest period April 15, 1995 to  
October 15, 1995 the following rates have  
been determined with interest payable on the  
maturity of the bonds on October 15,  
1995.

Phase in Series DL  
4.75% per annum, interest amount due  
U.S. \$54.44 per U.S. \$100.00  
Discount Bond Series 21 and 22  
7.75% per annum, interest amount due  
U.S. \$68.77 per U.S. \$100.00  
New Money Series L and U  
7.25% per annum, interest amount due  
U.S. \$66.44 per U.S. \$100.00  
Series L Bonds due April 15, 2005  
7.25% per annum, interest amount due  
U.S. \$66.44 per U.S. \$100.00

By The Chase Manhattan Bank, N.A.  
London, Agent Bank  
April 18, 1995

U.S. \$200,000,000  
Floating Rate Depositary  
Receipts Due 1997

Issued by The Law Debenture Trust  
Corporation p.l.c. evidencing  
payments of principal and interest on  
deposits in an aggregate principal amount  
of U.S. \$200,000,000

Gariplo  
Cassa di Risparmio delle  
Province Lombarde S.p.A.  
London Branch

In accordance with the provisions of  
the Depositary Receipt, notice is  
hereby given that the Rate of Interest for  
the six month period ending 15th  
October, 1995 has been fixed at  
6.5% per annum. The interest  
accruing for each six month period  
will be U.S. \$330.42 per U.S.  
\$100,000 Note and U.S. \$330.42  
per U.S. \$100,000 Note against  
presentation of Coupon No. 7.

Union Bank of Switzerland  
London Branch Agent Bank  
11th April, 1995

CRÉDIT NATIONAL  
Subordinated Collateral  
Floating Rate Notes 2005

For the period 18 April 1995 to  
18 October 1995 the notes will bear  
interest at 6.1875% per annum.  
Interest payable on 18 October  
1995 will amount to US\$31.45 per  
US\$100,000 and US\$7.86328 per  
US\$30,000 note.

Agent: Morgan Guaranty  
Trust Company  
JPMorgan

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JPMorgan

## NOTICE

## TO SHAREHOLDERS

## IN STORA KOPPARBERGS BERGSLAGS AKTIEBOLAG

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF  
THE COMPANY WILL BE HELD ON TUESDAY, MAY 9, 1995, AT 4 P.M.  
AT THE LUGNET SPORTS CENTER IN FALUN, SWEDEN.

## NOTIFICATION

To be entitled to participate in the Meeting, shareholders must:

- be recorded in the Company's share register no later than Friday, April 28, 1995
- notify that they intend to participate in the Meeting no later than 4.30 pm, Thursday, May 4, 1995

Notification of participation can be made by telephone: +46 (0) 23-78 25 61, or 78 21 72, by  
telefax: +46 (0) 23-78 27 44, or by mail to STORA, S-791 80 Falun, Sweden.

The STORA share register is maintained by the Swedish Securities Register Center (NPC AB).  
Shareholders in STORA are either registered as owners or through a trustee. Only shareholders  
registered as owners are entitled to participate in the Meeting.

Shareholders whose shares are deposited with the trustee department of a bank, or with a  
brokerage firm, are entitled to register the shares in the name of the trustee. However, to be  
entitled to participate in the Meeting, shareholders whose shares are held in the name of a trustee  
must register the shares in their own name. To ensure that shares can be registered in the name of  
the owner in time, shareholders whose shares are held in the name of a trustee, bank or broker, must  
request to have them registered in their own names prior to April 28, 1995.

## AGENDA

The matters addressed at the Meeting will conform to the Company's Articles of Association and  
the Swedish Companies Act. In addition, it has been proposed that the following changes be made  
in the Company's Articles of Association:

- The Company shall be a public company (publ). [Change in §1]
- The Company shall implement a 5:1 share split, requiring changes in §5 and §6.

In addition, a shareholder has raised a point for discussion regarding the transportation of wood on  
the Frysksdalsbanan.

It is proposed by shareholders representing approximately 35% of the total voting rights that the  
Board be comprised of the following full re-elections:

Bo Berggren	Palle Marcus
Jacob Wollenberg	Håkan Mogren
Claes Dahlbäck	Björn Svedberg
Lars Eggertz	Sven Söderberg
Lars Åke Helgesson	Tom Wachmeister

The current Board member, Niclas Silfverstål, has declined re-election.

The following Auditors have been proposed for re-elections:

Caj Nackstad, with Sten Lundvall as personal deputy  
Olaf Herolf, with Lars G. Eklund as personal deputy.

## DIVIDEND PROPOSAL

The Board of Directors proposes that a dividend of SEK 10 per share (prior to the split) be paid for  
the 1994 fiscal year and that May 12, 1995 be approved as the record date. If the Annual General  
Meeting approves the above proposal, it is expected that dividends can be distributed by the  
Swedish Securities Register Center (NPC AB) on May 19, 1995.

Falun, Sweden,  
April, 1995  
Board of Directors

STORA

## COMMODITIES PRICES

## BASE METALS

## HIGHER GRADE COPPER (COMEX)

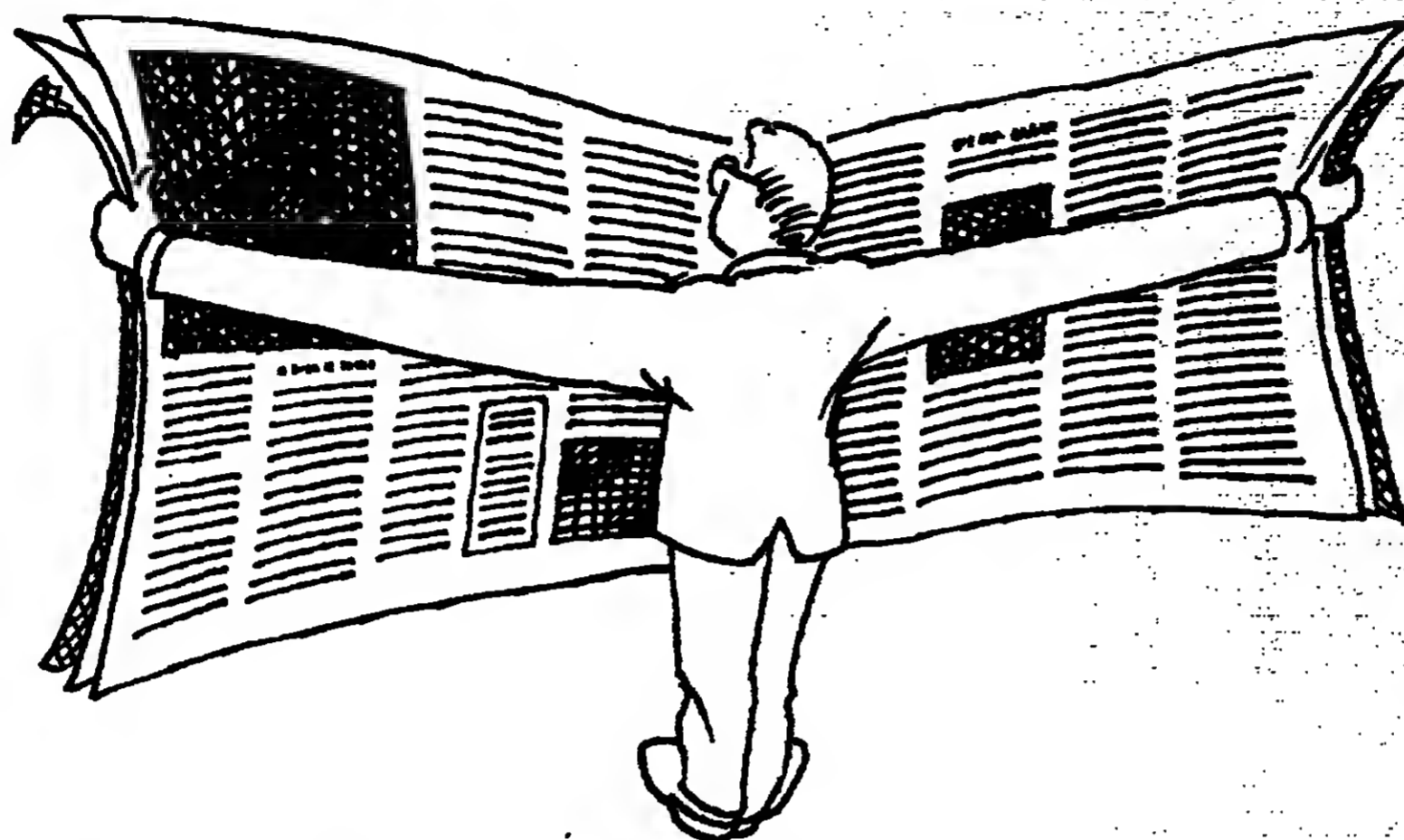
	Day's change	High	Low	Open	Settle
Apr	136.25	-0.85	137.25	136.00	136.00
May	135.00	-0.30	135.75	134.75	134.75
Jun	134.25	-0.30	134.50	133.50	133.50
Jul	132.75	-0.45	133.00	131.50	131.50
Aug	131.00	-0.80	-	-	416
Sep	129.25	-0.45	130.00	128.50	128.50
Oct	-	-	-	-	44.85
Nov	-	-	-	-	5.894

## PRECIOUS METALS

## GOLD COMEX (100 Troy oz., \$/Troy oz.)

	Salt price	Day's change	High	low	Open bid
Apr	394.1	+4.1	394.0	392.0	288
May	395.2	+4.1			459
Jun	396.5	+4.1	397.4	393.7	94,911
Jul	398.9	+4.2	401.0	397.5	23,068
Aug	403.3	+4.2	403.5	401.8	6,838
Sep	406.9	+4.2	408.0	405.2	15,910
Oct					189,954

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Job Title \_\_\_\_\_  
Company \_\_\_\_\_  
Nature of business \_\_\_\_\_  
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Postcode \_\_\_\_\_ Telephone \_\_\_\_\_  
Country \_\_\_\_\_

No. of employees ☐ under 50 ☐ 50 to 100 ☐ over 100

I already use online ☐ Yes ☐ No

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## MOVING INTEREST RATES

[illegible]

### EURO CURRENCY INTEREST RATES

Apr 13	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	54.5 - 5	62 - 7	63 - 8	64 - 9	65 - 10	66 - 11
French Franc	54.5 - 5	62 - 7	63 - 8	64 - 9	65 - 10	66 - 11
D-Mark	41 - 4	42 - 4	43 - 4	44 - 4	45 - 4	46 - 4
Dutch Guilder	46 - 4	46 - 4	46 - 4	46 - 4	46 - 4	46 - 4
Italian Lira	93 - 9	93 - 9	93 - 9	93 - 9	93 - 9	93 - 9
Portuguese Esc	93 - 9	93 - 9	93 - 9	93 - 9	93 - 9	93 - 9
Spanish Peseta	93 - 9	93 - 9	93 - 9	93 - 9	93 - 9	93 - 9
Swedish Krona	93 - 9	93 - 9	93 - 9	93 - 9	93 - 9	93 - 9
Swiss Franc	93 - 9	93 - 9	93 - 9	93 - 9	93 - 9	93 - 9
Can. Dollar	8 - 7	8 - 7	8 - 7	8 - 7	8 - 7	8 - 7
US Dollar	8 - 7	8 - 7	8 - 7	8 - 7	8 - 7	8 - 7
Yen	104 - 2	104 - 2	104 - 2	104 - 2	104 - 2	104 - 2
Asian S'ing	3 - 3	3 - 3	3 - 3	3 - 3	3 - 3	3 - 3

RE: WILLIAM BARNETT BENTON b. 05/05/04 - male, of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int
Jun	94.74	93.74	+0.03	93.76	93.73	113,687	515,546
Sep	93.91	93.62	+0.05	93.64	93.59	138,694	354,331
Dec	93.40	93.46	+0.06	93.48	93.40	123,591	267,396

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■ US TREASURY BILL FUTURES (MM \$1m per 100%)							
Jun	94.33	94.33	+0.04	94.33	94.31	1,568	14,478
Sep	94.16	94.15	+0.09	94.18	94.16	248	10,989
Dec	94.03	94.03	+0.08	94.04	94.02	58	8,958

All Open Interest figs are for previous day

Lunchtime		Treasury Bills and Bond Yields			
Prime rate	9	One month	5.62	Two year	8.4
Broker loan rate	6 1/2	Two month	5.70	Three year	6.5
End-of-day	6 1/2	Three month	5.75	Five year	0.7
		Six month	5.8	10 year	7.0

	0%	One year	Five years	10-year	73-year
Fed funds at intervention..	69	68	61.5	59	73

## Spain

### ■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sell price	Change	High	Low	Est. vol.	Open int.
Jun	82.85	93.39	+0.78	83.85	82.85	14,083	50,264

US						
■ US TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100%						
Open	Latest	Change	High	Low	Est. vol.	Open in

Jun	105-19	105-17	+0-12	105-24	105-19	330.447	333.84
Sep	105-05	105-03	+0-12	105-08	105-03	2,105	18,815

Dec	104-28	104-22	+0-12	104-26	104-21	32	1,578
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 of course be changed."

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## WORLD STOCK MARKETS

## AMERICA

## US stocks in belated reaction to Fed data

## Wall Street

A belated reaction to another sign of gentle economic slowing and strong corporate earnings reports sent US shares off into record territory again yesterday morning, writes Lisa Brunsten in New York.

At noon the Dow Jones Industrial Average was 22.83 higher at 4,231.01, passing its earlier peak of 4,208.18 set on Thursday. The more broadly based Standard & Poor's 500 also broke into record territory, climbing 1.09 to 510.52, and the Nasdaq composite set a new high, rising 3.11 to 835.74. The American SE composite was up 1.72 at 473.68. Trading volume on the New York SE came to 163m shares.

On Friday the Federal Reserve published figures showing that industrial production was off 0.3 per cent in March, and much of yesterday's activity was attributed to a belated reaction to that data. The Nasdaq composite received a boost when Microsoft, the largest company in the index, jumped 85% to \$77. Late on Thursday the software company reported third-quarter earnings of 63

cents a share, against analysts' estimates of 58 cents a share.

Compuware lost ground after issuing a warning late on Thursday that fourth-quarter earnings would be nearer to 55 to 60 cents a share, against analysts' estimates of 71 cents a share. By mid-morning the stock was down about 13 per cent or 3% at \$24.

Chase Manhattan Bank added 1% at 94% on heightened speculation that Nations-Bank could buy the New York bank. Chase also reported earnings of \$1.29 per share, 19 cents higher than the consensus estimate.

TRW forged ahead 3% to \$71.4 after announcing first-quarter earnings of \$1.72 a share, against analysts' forecasts of \$1.32 per share.

## Canada

Toronto stocks were higher at midday, supported by a firmer gold price. The TSE 300 composite index was up 8.0 at 4,809.20 in volume of 22m shares valued at C\$382m.

Advancing shares outpaced declines by 291 to 202, with 378 issues unchanged.

Bank stocks were active, with the sub-index rising 1 per

cent to 3,315.42 after a fall in the yields on T-bills. Toronto-Dominion Bank led the active, rising 3% to C\$21.

Royal Bank of Canada put on 3% at C\$30% and Bank of Nova Scotia 3% at C\$28%.

John Labatt lost 3% at C\$25%, following last week's news that Onex was considering a takeover bid.

## Latin America

MEXICO was off slightly by midsession, the IPC index losing 0.7 per cent at 1,843.02.

Equities fell by more than 6 per cent last week in low volume ahead of the Easter break. Analysts said that investors had taken profits after a rally in the market over the previous five weeks.

BUENOS AIRES made slight gains in early trade, helped by weekend measures adopted by the government to bolster the banking sector.

The Merval index was ahead 2.34 at 367.69 while the general index was 9.27 higher at 13,423.33. Turnover was light at 14.73m pesos.

On Friday the government announced that a new private deposit guarantee fund would come into action today.

## ASIA PACIFIC

## Volume drops as Nikkei recovers 1.6%

## Tokyo

Volume collapsed in a technically influenced market, although share prices regained some ground on arbitrage linked buying, writes Emilio Terazono in Tokyo.

The Nikkei 225 average, which lost 2.4 per cent on Friday, recovered 1.6 per cent, closing 256.28 higher at 16,304.15 in spite of the dollar's fall to the ¥92 level.

The index moved between 15,892.91 and 16,304.55 as turnover fell from 314m shares to 180m due to the rebound in the yen, and the absence of overseas investors due to the Easter holidays.

A decline in the futures market in early trading prompted arbitrage unwinding, sending the Nikkei index below the 16,000 mark for the first time since April 7. However, buying by banks and brokers propped

up the market during the afternoon.

The Topix index of all first section stocks gained 14.58 or 1.1 per cent at 1,302.93 and the Nikkei 300 rose 3.52 or 1.5 per cent to 241.51. Advances outscored declines by 585 to 430, with 130 issues unchanged.

Traders noted purchasing of issues with relatively high dividend yields following last week's 0.75 percentage point cut in the official discount rate.

Electric power companies with dividend yields of around 2 per cent gained ground. Tokyo Electric Power put on ¥20 to ¥2,720 and Kansai Electric Power ¥40 to ¥2,300.

High-technology stocks were higher in spite of the yen's rise, with Hitachi appreciating ¥18 to ¥663 and NEC ¥12 ahead at ¥910.

Arbitrage buying helped brokers to advance. Nomura Securities rose ¥20 to ¥1,630.

In Osaka, the OSE average receded 11.85 to 17,909.37.

## Roundup

Sydney, Wellington and Hong Kong were closed for the Easter holiday, which reduced interest in several of the markets which remained open.

TAIPEI, however, carried on in last week's bearish vein, transferring its attention to the financial sector, which fell 5 per cent as the weighted index dipped 136.88 or 2.2 per cent to 6,112.07 in turnover of T\$42bn.

Financials were pulled down by heavy losses from the big three banks, Hua Nan, Chang Hwa and First, which went ex-dividend last Saturday. All three banks incurred heavy falls, Hua Nan leading with a drop of T\$8.50 or 6.5 per cent to T\$124.00.

Brokers said financials were hurt further by worries that a scheduled board meeting by

the central bank on Thursday might tighten monetary policy to combat inflation.

KARACHI fell 1.55 per cent following a 1.3 per cent drop on Sunday, lacking positive news or institutional and foreign support to balance selling by individual investors. The KSE 100 index lost 25.43 at 1,612.80.

SINGAPORE saw fund managers mostly sidelined as global currency volatility continued to curb interest in equities, and on the local front selling in speculative Malaysian stocks traded over the counter depressed sentiment.

The Straits Times Industrial index shed 17.89 to 2,053.73 in volume of 63.33m shares as the UOB OTC index, tracking Malaysian stocks, slipped 12.39 or 1.15 per cent to 1,067.00.

IN KUALA LUMPUR itself, forced selling by clients following speculative buying early last week, and subsequent falling in the market, left the compos-

ite index down 3.34 at 962.63. MANILA balanced profit-taking with a search for new equity situations. The composite index eased 8.83 to 2,487.95 but the property developer Megaworld rose 8.25 per cent to 10.50 pesos.

SEOUL climbed for the third consecutive session, the composite index adding 7.48 at 818.89. News reports, denied by the government, that South Korea would raise its ceilings on foreign share ownership in the third quarter prompted buying in blue chips. The government said the ceiling would be lifted to 15 per cent by the end of 1995 from 12 per cent at present, but not necessarily in the third quarter.

BANGKOK ended slightly firmer after the Bank of Japan's discount rate cut last week, but brokers said trade remained very thin on continuing dollar worries. The SET index rose 1.24 to 1,194.13.

## New Zealand equities in a confident mood

Terry Hall takes soundings after the International Paper move on Carter Holt Harvey

Fuelled by international Paper's bid for a controlling 51 per cent stake in the forestry group Carter Holt Harvey, the New Zealand equity market rose 2.2 per cent last Thursday, its biggest one-day gain so far this year.

It is now 11.4 per cent up from the five-year low of 1,878 set in December.

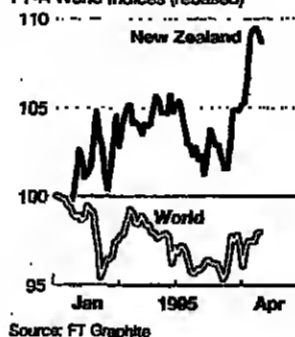
Helped by improving economic data, and increasing overseas interest, equities shook off their lethargy in mid-March, having been drifting aimlessly for months.

The stock market had been dull in spite of a string of strong 1994 profit results which were accompanied by optimistic forecasts of buoyant corporate earnings. Investors had also ignored a 2 per cent fall in long bond rates, from 10 per cent to under 8 per cent, since September.

The recent revival in equities has been due partly to the strength of Wall Street. US interest in New Zealand has been high because of economic reforms which have taken place in the past decade, and US investors now control an

## New Zealand

FT-A World Indices (rebased)



Source: FT Graphics

estimated 48 per cent of the local market, including 74 per cent of Telecom, the country's biggest company.

But there has also been an increasing interest from Asian and UK investors, following New Zealand's success in coping with inflation through the Reserve Bank Act, as well as other economic reforms which are leading to strong growth, budget surpluses, and planned tax cuts.

Interest has also been helped by the latest data which suggests that New Zealand will achieve a "soft economic landing". This is being credited to the decisive action by the Reserve Bank late last year which was designed to cut economic growth from 6.5 per cent by encouraging higher interest and exchange rates, and GDP is now expected to fall to about 3.5 per cent this year.

Evidence of the "soft landing" comes from latest statistics which have revealed a decline in private consumption, and slower economic growth. Inflation also appears to be easing, although the Reserve Bank remains wary at the prospects of underlying inflation moving above 2 per cent over the next six months.

The bank's March economic forecasts report that inflation will decline to 1 per cent next year, assuming that monetary conditions remain firm, and that the currency continues to appreciate at 2 per cent a year.

Mr Peter Keenan, chief economist at CS First Boston, says all indications suggest that strong growth will continue, and that the economic cycle

will be a long one. "Corporate earnings will improve strongly in this environment," he says.

He adds that New Zealand's rising fiscal surpluses, coupled with the Reserve Bank's tight monetary stance, has heightened prospects that both inflation and the balance of payments will be held at manageable levels, and that the economy is escaping the risk of recession.

Mr Keenan goes on to say that both growth and investment levels remain high, suggesting that businesses are expanding and household incomes rising.

In spite of a strengthening trade weighted index, manufacturing exports remain buoyant, although there is concern at a 10 per cent rise in the Australian currency over the past month. Australia takes the bulk of New Zealand's manufactured exports.

New Zealand commodity prices have risen strongly this year; the ANZ Bank commodity index climbed by 12.7 per cent in the three months to February, offsetting a 9.9 per

cent increase in the New Zealand dollar. Prices of major exports, dairy, wool, woodpulp and kiwi fruit, all rose in the period, offsetting falls in beef and sheepmeat.

There are some negatives, however. The weight of US money in the stock market has caused some anxiety as to what might happen if Wall Street goes into reverse.

In addition there are political worries: the next elections, 18 months away, will be held under the German proportional voting system which is likely to lead to coalition governments.

For the moment, though, the positives easily outweigh any negatives. Most analysts and major investors forecast that the equity market will rise by a further 10 to 25 per cent this year, helped by forecast profits rises.

Further corporate activity, such as the first come, first served, bid by international Paper for Carter Holt Harvey, is expected to increase liquidity in the market, as are forthcoming changes in corporate legislation.

## EUROPE

## Tabacalera rises 3.8%

With the major bourses remaining closed for the Easter holiday, activity at those that were open was extremely thin.

MADRID ended with a mild gain in a session characterised by the lowest daily turnover of the year so far at Ptas7.8m.

The Ibex index firmed 24.09 to 3,085.33 and the general index put on 1.91 at 278.40 in volume of 3.9m shares.

Tabacalera featured, the shares jumping Ptas150 or 3.8 per cent to Ptas4,100 as the group confirmed that a subsidiary had acquired stakes in a number of Latin American black tobacco producers from Standard Commercial, of the US. The cost of the acquisitions was put at \$25m.

Repsol shed Ptas30 to Ptas3,705

as profits were taken after the completion of the share placement last week.

ISTANBUL attained yet another all-time high, rising 2.8 per cent. The composite index closed 1,375.72 up at 49,578.97.

So far this month the market has risen by 24.5 per cent, after a gain of 36.8 per cent in March and 15.4 per cent in February.

Turnover eased to TLL734bn, from TLL787bn on Friday. Brokers said that the market was now aiming to break through the 50,000 level, and had hit an intra-session high of 50,114 before profits were taken.

Traders added that demand for equities had been further raised by the results of a nine-month T-bill auction in which

the treasury had cut the average annual rate to 86.09 per cent, down 12.4 percentage points.

TEL AVIV lost some of Sunday's 2.8 per cent advance as investors sold stock following disappointment that the central bank had not lowered interest rates. The Mishkanim index, up 4.60 to 168.51 on Sunday, retreated 2.19 or 1.3 per cent to 166.32. Turnover amounted to Shk45m, against Shk47m on Sunday.

A fall of 0.1 percentage point in the consumer price index for March, the first decline in three years, had raised hopes that interest rates would be reduced.

Written and edited by John Pitt

The Financial Times plans to publish a Survey on

## Switzerland

on Wednesday, May 31.

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\* Professional Investment Community Worldwide Survey 1993/94  
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## FT Surveys

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**Floating Rate Notes due 1997**  
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**Lorho Public Limited Company**  
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Notice is hereby given that for the three months interest period from April 19, 1995 to July 19, 1995 the Notes will carry an interest rate of 7.50% per annum. This interest payable on the relevant interest payment date, July 19, 1995 will be U.S. \$189.58 and U.S. \$189.58 respectively for Notes in denominations of U.S. \$100,000 and U.S. \$100,000.  
By: The Chase Manhattan Bank, N.A.  
London, Agent Bank  
April 18, 1995

**£200,000,000**  
**MFC Finance No. 1 PLC**  
**Mortgage Backed Floating Rate Notes Due October 2023**  
In accordance with the Terms and Conditions of the Notes, notice is hereby given that the new interest rates and periods in respect of the subject Notes are as follows:  
Interest period on each Tranche S to E Notes will run from April 18, 1995 to October 17, 1995. The Notes are denominated in Yen 10,000,000.  
By Citibank, N.A. (Bank Services), Agent Bank  
April 18, 1995

**CVAS International Limited**  
(Incorporated with limited liability in the Cayman Islands)  
**Series CVAS 20 \$2,750,000,000**  
Secured Floating Rate Notes due 1995/99  
Interest period on each Tranche S to E Notes will run from April 18, 1995 to October 17, 1995. The Notes are denominated in Yen 10,000,000.  
By Citibank, N.A. (Bank Services), Agent Bank  
April 18, 1995

**CONTRACTS & TENDERS**  
**STATE OF CEARA**  
**SECRETARIAT FOR URBAN DEVELOPMENT AND THE ENVIRONMENT (SDU)**  
**ANNOUNCEMENT OF POSTPONEMENT**  
**INTERNATIONAL COMPETITIVE BID FOR TENDERS # 01/95**  
The Central Committee for Procurement, on behalf of the Secretariat for Urban Development and the Environment, announces that the INTERNATIONAL COMPETITIVE BID FOR TENDERS # 01/95, Invitation for sealed hospital wastes COMPETITIVE BID FOR TENDERS # 01/95, is being postponed from May 5, 1995 to June 2, 1995 at 4.00 p.m. in order to allow receipt of joint-venture proposals. Documents are to be delivered at rua Silva Paes 1 - 304, Aldeota - Fortaleza - Ceara - Brazil.  
Fortaleza, April 18, 1995  
The Committee

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Railtrack PLC

**Mr Anthony Kellett**  
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<b>Nikko Japan Return Reversal Fund</b>					
c/o Total Asset Investment Fund Management Co.					
15 ERI Road, Lombardy					
Miss. Asia Investment Co.					
		7763	779		
<b>Norman Global Fund (a)</b>					
1 St. Charles St., Grand, B.C.A. AMP					
Asia Pacific Private					
			\$2.50		0173 228
<b>PRINCE Worldwide Inv Portfolio Saver (a)</b>					
47 Woodmont Road, L-2882, LUX					
			\$16.28		
<b>European Growth</b>			\$14.74		
<b>European Growth</b>			\$6.24		
<b>European Growth</b>			\$6.24		

Pacific Growth Series	
S-T Global Inc. Series	
US Growth Series	
Lenny Series	

[illegible]

Global Portfolio			
Global Bond	\$1,668.00	1.7040	0.00
Global Markets	\$2,819.27	2.0757	0.00

[illegible]

Japan	10,540	1,129	0.10
North America	61,881	1,902	0.03
Pacific	62,040	2,181	0.28
United Kingdom	61,504	1,582	0.01

[illegible]

Asian Development Equity Fund	
Portfolio A Apr 7	\$19.45
Portfolio B	\$19.45

[illegible]

APR 7 1965 872.05 - 149005

*(continued)*

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[illegible]

## LONDON SHARE SERVICE

## BANKS, MERCHANT

Company	Price	Change
Barclays Bank	124.50	+0.50
Bank of America	118.00	+0.50
Bank of England	115.00	+0.50
Bank of Ireland	110.00	+0.50
Bank of Scotland	105.00	+0.50
Bank of Wales	100.00	+0.50
Bank of Cyprus	95.00	+0.50
Bank of Greece	90.00	+0.50
Bank of Italy	85.00	+0.50
Bank of Japan	80.00	+0.50
Bank of Korea	75.00	+0.50
Bank of Spain	70.00	+0.50
Bank of Sweden	65.00	+0.50
Bank of Switzerland	60.00	+0.50
Bank of Taiwan	55.00	+0.50
Bank of Thailand	50.00	+0.50
Bank of Turkey	45.00	+0.50
Bank of the Netherlands	40.00	+0.50
Bank of Belgium	35.00	+0.50
Bank of France	30.00	+0.50
Bank of Germany	25.00	+0.50
Bank of Austria	20.00	+0.50
Bank of Denmark	15.00	+0.50
Bank of Finland	10.00	+0.50
Bank of Norway	5.00	+0.50
Bank of Portugal	0.50	+0.50
Bank of Russia	0.00	+0.50
Bank of South Africa	0.00	+0.50
Bank of the United Kingdom	0.00	+0.50
Bank of the United States	0.00	+0.50
Bank of the Republic of China	0.00	+0.50
Bank of the People's Republic of China	0.00	+0.50
Bank of the Socialist Republic of Vietnam	0.00	+0.50
Bank of the Democratic Republic of Congo	0.00	+0.50
Bank of the Central African Republic	0.00	+0.50
Bank of the Republic of the Congo	0.00	+0.50
Bank of the Republic of the Ivory Coast	0.00	+0.50
Bank of the Republic of Liberia	0.00	+0.50
Bank of the Republic of Sierra Leone	0.00	+0.50
Bank of the Republic of the Sudan	0.00	+0.50
Bank of the Republic of the Togo	0.00	+0.50
Bank of the Republic of the Upper Volta	0.00	+0.50
Bank of the Republic of the Zaire	0.00	+0.50
Bank of the Republic of the Zimbabwe	0.00	+0.50

## BANKS, RETAIL

Company	Price	Change
Bank of America	118.00	+0.50
Bank of England	115.00	+0.50
Bank of Ireland	110.00	+0.50
Bank of Scotland	105.00	+0.50
Bank of Wales	100.00	+0.50
Bank of Cyprus	95.00	+0.50
Bank of Greece	90.00	+0.50
Bank of Italy	85.00	+0.50
Bank of Japan	80.00	+0.50
Bank of Korea	75.00	+0.50
Bank of Spain	70.00	+0.50
Bank of Sweden	65.00	+0.50
Bank of Switzerland	60.00	+0.50
Bank of Taiwan	55.00	+0.50
Bank of Thailand	50.00	+0.50
Bank of Turkey	45.00	+0.50
Bank of the Netherlands	40.00	+0.50
Bank of Belgium	35.00	+0.50
Bank of France	30.00	+0.50
Bank of Germany	25.00	+0.50
Bank of Austria	20.00	+0.50
Bank of Denmark	15.00	+0.50
Bank of Finland	10.00	+0.50
Bank of Norway	5.00	+0.50
Bank of Portugal	0.50	+0.50
Bank of Russia	0.00	+0.50
Bank of South Africa	0.00	+0.50
Bank of the United Kingdom	0.00	+0.50
Bank of the United States	0.00	+0.50
Bank of the Republic of China	0.00	+0.50
Bank of the People's Republic of China	0.00	+0.50
Bank of the Socialist Republic of Vietnam	0.00	+0.50
Bank of the Democratic Republic of Congo	0.00	+0.50
Bank of the Central African Republic	0.00	+0.50
Bank of the Republic of the Congo	0.00	+0.50
Bank of the Republic of the Ivory Coast	0.00	+0.50
Bank of the Republic of Liberia	0.00	+0.50
Bank of the Republic of Sierra Leone	0.00	+0.50
Bank of the Republic of the Sudan	0.00	+0.50
Bank of the Republic of the Togo	0.00	+0.50
Bank of the Republic of the Upper Volta	0.00	+0.50
Bank of the Republic of the Zaire	0.00	+0.50
Bank of the Republic of the Zimbabwe	0.00	+0.50

## BREWERIES

Company	Price	Change
Adnams	120.00	+0.50
Beck's	115.00	+0.50
Carlsberg	110.00	+0.50
Heineken	105.00	+0.50
Kaiser Brewery	100.00	+0.50
Miller	95.00	+0.50
Paulaner	90.00	+0.50
Pilsener	85.00	+0.50
Samuel Adams	80.00	+0.50
Stout	75.00	+0.50
Tottenham	70.00	+0.50
Watney	65.00	+0.50
Wheat	60.00	+0.50
Yeast	55.00	+0.50
Beer	50.00	+0.50
Alcohol	45.00	+0.50
Distillery	40.00	+0.50
Winery	35.00	+0.50
Vineyard	30.00	+0.50
Grape	25.00	+0.50
Harvest	20.00	+0.50
Plant	15.00	+0.50
Soil	10.00	+0.50
Weather	5.00	+0.50
Climate	0.50	+0.50
Season	0.00	+0.50
Year	0.00	+0.50
Decade	0.00	+0.50
Century	0.00	+0.50
Millennium	0.00	+0.50
Era	0.00	+0.50
Age	0.00	+0.50
Period	0.00	+0.50
Time	0.00	+0.50
Space	0.00	+0.50
Place	0.00	+0.50
Location	0.00	+0.50
Area	0.00	+0.50
Region	0.00	+0.50
Country	0.00	+0.50
Continent	0.00	+0.50
World	0.00	+0.50
Universe	0.00	+0.50
Galaxy	0.00	+0.50
Star	0.00	+0.50
Planet	0.00	+0.50
Moon	0.00	+0.50
Comet	0.00	+0.50
Meteor	0.00	+0.50
Asteroid	0.00	+0.50
Black Hole	0.00	+0.50
White Dwarf	0.00	+0.50
Red Giant	0.00	+0.50
Blue Dwarf	0.00	+0.50
Yellow Dwarf	0.00	+0.50
Orange Dwarf	0.00	+0.50
Pink Dwarf	0.00	+0.50
Purple Dwarf	0.00	+0.50
Green Dwarf	0.00	+0.50
Brown Dwarf	0.00	+0.50
Grey Dwarf	0.00	+0.50
Black Dwarf	0.00	+0.50
White Dwarf	0.00	+0.50
Red Dwarf	0.00	+0.50
Blue Dwarf	0.00	+0.50
Yellow Dwarf	0.00	+0.50
Orange Dwarf	0.00	+0.50
Pink Dwarf	0.00	+0.50
Purple Dwarf	0.00	+0.50
Green Dwarf	0.00	+0.50
Brown Dwarf	0.00	+0.50
Grey Dwarf	0.00	+0.50
Black Dwarf	0.00	+0.50

## BUILDING &amp; CONSTRUCTION

Company	Price	Change
Adnams	120.00	+0.50
Beck's	115.00	+0.50
Carlsberg	110.00	+0.50
Heineken	105.00	+0.50
Kaiser Brewery	100.00	+0.50
Miller	95.00	+0.50
Paulaner	90.00	+0.50
Pilsener	85.00	+0.50
Samuel Adams	80.00	+0.50
Stout	75.00	+0.50
Tottenham	70.00	+0.50
Watney	65.00	+0.50
Wheat	60.00	+0.50
Yeast	55.00	+0.50
Beer	50.00	+0.50
Alcohol	45.00	+0.50
Distillery	40.00	+0.50
Winery	35.00	+0.50
Vineyard	30.00	+0.50
Grape	25.00	+0.50
Harvest	20.00	+0.50
Plant	15.00	+0.50
Soil	10.00	+0.50
Weather	5.00	+0.50
Climate	0.50	+0.50
Season	0.00	+0.50
Year	0.00	+0.50
Decade	0.00	+0.50
Century	0.00	+0.50
Millennium	0.00	+0.50
Era	0.00	+0.50
Age	0.00	+0.50
Period	0.00	+0.50
Time	0.00	+0.50
Space	0.00	+0.50
Place	0.00	+0.50
Location	0.00	+0.50
Area	0.00	+0.50
Region	0.00	+0.50
Country	0.00	+0.50
Continent	0.00	+0.50
World	0.00	+0.50
Universe	0.00	+0.50
Galaxy	0.00	+0.50
Star	0.00	+0.50
Planet	0.00	+0.50
Moon	0.00	+0.50
Comet	0.00	+0.50
Meteor	0.00	+0.50
Asteroid	0.00	+0.50
Black Hole	0.00	+0.50
White Dwarf	0.00	+0.50
Red Giant	0.00	+0.50
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Orange Dwarf	0.00	+0.50
Pink Dwarf	0.00	+0.50
Purple Dwarf	0.00	+0.50
Green Dwarf	0.00	+0.50
Brown Dwarf	0.00	+0.50
Grey Dwarf	0.00	+0.50
Black Dwarf	0.00	+0.50

## BUILDING MATS. &amp; MERCHANTS

Company	Price	Change
Adnams	120.00	+0.50
Beck's	115.00	+0.50
Carlsberg	110.00	+0.50
Heineken	105.00	+0.50
Kaiser Brewery	100.00	+0.50
Miller	95.00	+0.50
Paulaner	90.00	+0.50
Pilsener	85.00	+0.50
Samuel Adams	80.00	+0.50
Stout	75.00	+0.50
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Millennium	0.00	+0.50
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Period	0.00	+0.50
Time	0.00	+0.50
Space	0.00	+0.50
Place	0.00	+0.50
Location	0.00	+0.50
Area	0.00	+0.50
Region	0.00	+0.50
Country	0.00	+0.50
Continent	0.00	+0.50
World	0.00	+0.50
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Brown Dwarf	0.00	+0.50
Grey Dwarf	0.00	+0.50
Black Dwarf	0.00	+0.50

## BUILDING MATS. &amp; MERCHANTS - Cont.

Company	Price	Change
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Beck's	115.00	+0.50
Carlsberg	110.00	+0.50
Heineken	105.00	+0.50
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Green Dwarf	0.00	+0.50
Brown Dwarf	0.00	+0.50
Grey Dwarf	0.00	+0.50</



## 4 pm close April 22

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TUESDAY 18

Brittan in China



China's bid to join the World Trade Organisation will be among the main points on the agenda of Sir Leon Brittan (left), chief trade negotiator for the European Union, when he visits Beijing today, at the start of a week-long trip. Sir Leon is also expected to talk about bilateral relations with the EU.

After Beijing Sir Leon moves to Sichuan and Hunan provinces where he will visit industrial projects that have received assistance from the EU. He is also expected to raise the issue of human rights abuses.

Hong Kong on the agenda

Douglas Hurd, UK foreign secretary, will meet his Chinese counterpart, Qian Qichen, in New York during the nuclear non-proliferation treaty conference, to discuss Hong Kong in the run-up to an official meeting in London later this year. The treaty review, sponsored by the United Nations, gets into full swing today. The conference, which continues until May 12, will discuss whether the 25-year-old treaty should be permanently extended. And it appears to be a good opportunity for leaders to meet and discuss other important issues.

Vietnamese chief in Japan

Vietnamese Communist party leader Do Muoi is in Japan on a five-day visit for talks with Tomichi Murayama, the prime minister.

Auto talks conclusion

US-Japan talks over vehicle trade are expected to conclude. A successful outcome could boost the faltering US dollar and open the door for the Japanese car industry to buy more American-made parts. But failure to reach a deal may lead to sanctions against luxury Japanese cars.

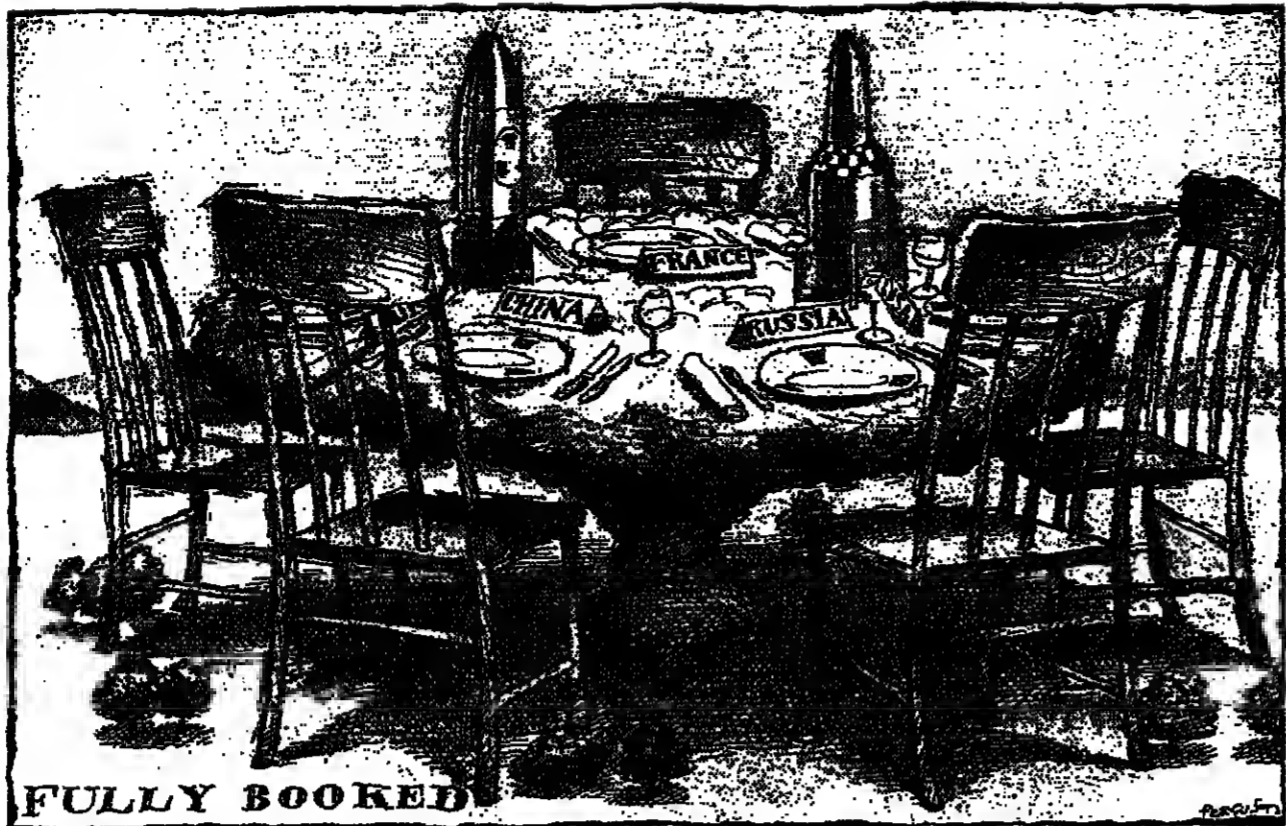
Cantona kicks off



Eric Cantona, Manchester United and French international player, is due to start his 100-hour community service order for attacking a football spectator during a match earlier this year. The suspended player will coach 700 children from Salford, Greater Manchester, in a specially devised programme.

Hungarian chief in the US

László Kovács, Hungarian foreign minister, visits the US. In his capacity as chairman-in-office of the Organisation for



Non-aligned nations meet the big five nuclear powers in New York this week to discuss the nuclear non-proliferation treaty

Security and Co-operation in Europe, he is due to meet Boutros Boutros Ghali, United Nations secretary-general, in New York. He will also visit Washington to prepare for the arrival of Gyula Horn, Hungary's prime minister, in June.

FT Survey

FT Exporter.

Holidays

Zimbabwe (Independence Day).

WEDNESDAY 19

Ford's vote of confidence

Ford is expected to use today's visit of Timothy Eggar, UK industry minister, to the company's plant in Dagenham, Essex, to announce that the site has been chosen to manufacture a new diesel engine - codenamed "Puma" - which will be fitted in some saloons and commercial vehicles made in Germany, Belgium and Poland. The investment, likely to approach £200m, will be seen as a big vote of confidence in the UK plant, which has previously been criticised by Ford management for poor productivity.

Turkish questions

Turkish Prime Minister Tansu Ciller is expected to be questioned over Ankara's push on rebel Kurds in northern Iraq during her visit to Washington. She is due to meet President Clinton today.

Talks on investment treaty

Representatives of governments and business meet in Paris to discuss plans for a multilateral investment treaty.

Negotiations, under the aegis of the Organisation for Economic Co-operation and Development, could begin this year.

Holidays

Venezuela.

THURSDAY 20

Doctors' strong medicine



Representatives of 35,000 family doctors in the UK will meet today to discuss whether or not to ballot their members on selective industrial action in protest at what they consider to be a growing burden of out-of-hours work. Meetings during the past few months between the British Medical Association and the Conservative government have not resolved the issue. Doctors suggest that sanctions could be aimed at the Treasury and could include prescribing expensive brands of drugs, rather than cheaper generic ones.

Maastricht - the road ahead

Jacques Santer chairs a meeting of the full 20-member European Commission to discuss how effectively the Maastricht Treaty has worked. The discussion will provide indications of what options for change the Commission will propose in the run-up to the 1996 inter-governmental conference.

Cardoso to meet Clinton

Brazil's President Fernando Henrique Cardoso meets President Clinton in Washington. Expected topics of discussion are the effects of the peso collapse on hemispheric trade talks and intellectual property rights.

African states in summit

A mini-summit in Tunis, involving 12 African heads of state, including South African President Nelson Mandela, will discuss ways of solving disputes in various African countries, mainly the Rwanda, Burundi, Somalia and Liberia conflicts.

Plutonium activities

A special session of the parliamentary control commission responsible for overseeing the activities of Germany's intelligence services, meets today to discuss allegations of a recent cover-up involving the smuggling of plutonium into the country.

Corruption verdict

A court in Lyons, France, is expected to announce its verdict in the corruption case which started in February against Michel Noir, the mayor, Pierre Botton, his son-in-law, Michel Mouillot, mayor of Cannes, Patrick Poivre d'Arvor, a television presenter, and eight other defendants.

Curies in the Pantheon

The ashes of Marie Curie, Nobel prize-winning French chemist, and her husband, Pierre, are transferred to the Pantheon in Paris, the symbolic resting place of the country's leading figures. She will be only the second woman to be placed in the secular shrine.

FT Survey

Business Air Travel 95.

Holidays

Iceland (first day of summer).

FRIDAY 21

Nuclear talks deadline

Deadline for US and North Korea to sign a contract on the supply of a light-water nuclear reactor to the communist state as part of last year's nuclear accord.

Rain on Vienna party

The so-called "party day" of the battered Austrian People's party (OeVP) is unlikely to be very festive. The conservative party, junior partner in the governing coalition since 1986, has steadily lost popularity under the colourless leadership of Franz Bisek, even slipping behind Jörg Haider's extreme right-wing Freedom party in recent polls. Most party members want Mr Bisek out, but no one else seems to want to pick up the leaky chalice.

FT Survey

Queen's Awards 95.

Holidays

Brazil, Lebanon, Greece, Israel (last day of Jewish Passover).

SATURDAY 22

London to Mexico, by car

One of the great motorway adventures of the decade, the 16,000km London-Mexico Rally, starts at 10am from Heathrow. Motor sport impresario Nick Brittan, who staged the 1993 London-Sydney Marathon, has devised a gruelling route threading through much of the Andes. The vehicles are headed for a finish in Acapulco - some 30 days later. The previous London-Mexico rally was held in 1970.

Wonder horse steps forth



Celtic Swing, tipped as an exceptional champion racehorse, makes his debut as a three-year-old in the Greenham Stakes at Newbury raccourse, Berkshire, on route (bearing injury) to the English 3,000 Guineas and English and Irish derbies. The horse was Europe's champion two-year-old last season, and is bristling with good health, says his trainer, Lady Herries. Two years ago she trained 24 horses. Because of the exploits of Celtic Swing, her string this year numbers 73.

Breakfast with Tiffanies

The most important private collection of Tiffany lamps to reach the market comes under the hammer at Sotheby's New York.

today. Estimates on the 62 lamps, assembled by Houston businessman John W. Mecon Jr, range from \$3,000 to \$900,000, for a unique lamp produced around 1900. All told, the collection should realise more than \$8m.

SUNDAY 23

French election

France votes in the first round of the presidential election in the race to succeed François Mitterrand, who is stepping down after two seven-year terms. Of the nine official candidates, Jacques Chirac, the Gaullist mayor of Paris, was leading in the last opinion poll. Lionel Jospin of the Socialist party and Edouard Balladur, the Gaullist prime minister, are competing to run against him in the second round of voting on May 7.

Italian poll pointer

Italy holds local elections in the 15 mainland regions. The poll is being seen as a trial run for general elections and may well determine their timing, depending on how the main parties and their alliances perform.

Voting in Japan

Voting for 117 mayors and municipal assembly members in the second round of Japan's local elections. There may be surprises, just as there were in the first round on April 9, when a former actor and an ex-comedian were chosen as governors of Tokyo and Osaka respectively.

Polish PM in talks

Jozef Oleksy (left), Poland's new prime minister, makes an official visit to Hungary at the invitation of his counterpart there, Gyula Horn. With both countries keen to join the European Union and Nato, European integration will be high on the agenda.

Camp horrors remembered

Official ceremonies to mark the 50th anniversary of the liberation of the Ravensbrück and Sachsenhausen concentration camps take place in the eastern German state of Brandenburg. Ignatz Bubis, head of the Jewish community in Germany, will attend. The Nazis opened Sachsenhausen as a concentration camp in 1933, soon after Hitler came to power. More than 20,000 Jews had been sent to the camp by November 1938. Jewish women and gypsies had been sent to the slave labour camp at Ravensbrück, north of Sachsenhausen.

Holidays

Christian celebrations for Easter Sunday in some countries. Turkey (National Sovereignty Day).

Compiled by Shelley Wood.

Fax: (+44) (0)177 373 3194.

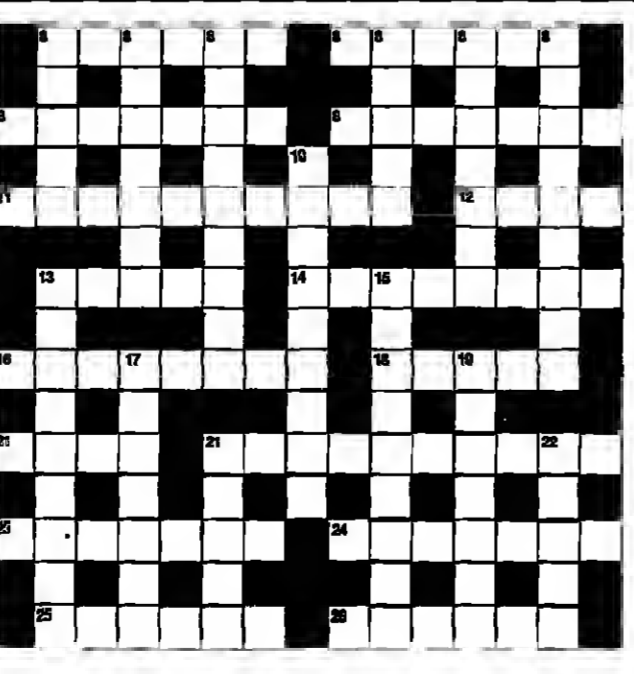
Other economic news

Today: With financial markets this week expected to be dominated by concerns over the yen-dollar rate, analysts will be watching figures from Tokyo that may shed light on the state of the Japanese economy and influence events on the currency exchanges. Today's money supply data will provide clues on the level of domestic demand, and the degree to which imports of goods, especially from the US, may be influenced in coming months by the strong yen. Wednesday: The US trade figures could have an impact on the dollar and will be widely watched. Thursday: The regular meeting of the Bundesbank council in Frankfurt is thought unlikely to lead to any changes in interest rates. The March figures for the UK's public sector borrowing requirement should provide further clues as to how much the hesitant recovery is improving the government's finances. Friday: The latest income and consumption figures from Japan will give some idea of how much the Kobe earthquake cut into people's propensity to spend. UK retailers will be hoping for good figures for shop speeding in March.

Table with 5 columns: Day Released, Country, Economic Statistic, Median Forecast, Previous Actual. Rows include Japan, US, Canada, UK, Italy, Germany, France, Spain, and Sweden with various economic indicators like industrial production, housing starts, and trade figures.

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- ACROSS: 1 Apparently well behaved during last month? Time will show (6); 4 Provincial force accepts it's over in the country (6); 8 Bad tempered agent carrying too much in France (7); 9 Sign of turning prosaic having lost a round replacement (7); 11 Priority parking: no charge in judge's case (10); 12 Sign when going round the city (4); 13 Show a lack of care (5); 14 Mechanist points to ooe in green overall (10); 16 Pirate edition provided a fore-taste (8); 18 On course for getting one over the colonel (5); 20 Cross dressing-dove initially at college pranks (4); 21 Suitable chorus for "Hair" (5-4); 23 Could be a major force if developed (7); 24 Quakers reclaim divine manifestation (7); 25 Said to bring a smile to Leicestershire, for example (6); 26 Late cover (6).



MONDAY PRIZE CROSSWORD No. 8,738 Set by ADAMANT. A prize of a Pelikan New Classic 380 fountain pen for the first correct solution opened and five runner-up prizes of £30 Pelikan vouchers will be awarded. Solutions by Thursday April 27, marked Monday Crossword on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 8SL. Solution on Monday May 1. Please allow 21 days for delivery of prizes.

The Financial Times plans to publish a survey on Scotland on Monday, June 12. The FT is circulated in 160 countries worldwide, with a readership in excess of one million people. The weekday FT is read by 139,000 senior business people in Great Britain. More senior UK business people read the FT than any other national daily newspaper. More than half of Europe's top Chief Executives read the FT. The FT reaches more Captains of Industry in Great Britain than any other national daily newspaper. For a full editorial synopsis and details of available advertisement positions, please contact: Kenneth Swan, Tel: (0131) 220 1199 Fax: (0131) 220 1578, 37 George Street, Edinburgh EH2 2HN. Data sources: BMRC 1993, EBR 1993, COI 1992. FT Surveys. JOTTER PAD.

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